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Japan Enacts a Plan to Answer U.S. Complaints on Trade Gap

By John Burgess
Washington Post Service

TOKYO — The government, in a move to head off protectionist legislation by the U.S. Congress, approved a three-year plan Tuesday to encourage foreign sales in Japan.

The plan includes tariff cuts, a simplification of import procedures and standards, and other measures to promote imports.

Its broad outlines were already known, but the government disclosed new details Tuesday, including a firm commitment to begin cutting tariffs on imported plywood in April 1987 and a willingness to end all tariffs on computer parts.

Japanese officials said the new aspects would demonstrate further that Japan was serious about addressing trade tensions with the United States.

Prime Minister Yasuhiro Nakasone, citing his determination to "wipe away" foreign criticism that Japan is unfair in trade, reiterated that the country must increase its imports and stimulate consumption at home.

Citing heavy budget deficits, Mr. Nakasone ruled out increased public spending to increase the demand for goods and services. But he said that in September the government would begin studying ways to stimulate economic activity through tax reform. Monetary policy and deregulation could also be used, he said.

In Washington, the United States reacted cautiously to the announcement, saying that the new trade program appeared to have long-term benefits but might not resolve immediate problems in the U.S.-Japanese trade relationship. The Associated Press reported. The chairman of the Senate Commerce Committee said the plan's worth would be proved when more American goods began to be sold in Japan.

A U.S. official in Tokyo called the new measures a positive step for the long term. "They won't make a difference tomorrow, but over the next several years they will," he said.

Mr. Nakasone spoke in a nationally televised press conference after



Yasuhiro Nakasone

Japan's economy is headed toward a significant slowdown, a new study finds. Page 13.

The U.S. merchandise trade deficit and the trade deficit with Japan both increased. Page 9.

his government approved the trade program.

"This will mean a major change in the Japanese nation's way of thinking and love of domestic products," he said.

He declined to estimate what the plan would mean in dollar terms for Japan's trade surplus, which reached \$37 billion with the United States last year. But he said the amount would be "substantial."

Mr. Nakasone said that the government had begun studying ways to raise demand for goods and services at home. Leaders of the ruling Liberal Democratic Party favor such a step, which would mark a modification of Japan's traditional stress on high savings and low consumption.

American officials have previously praised the proposal, on the assumption that it would help correct trade imbalances by leading Japanese to buy more from abroad.

and put fewer resources into exports.

Mr. Nakasone said that the government would not apply any additional formal restraints or surcharges on Japanese exports but would continue to pursue "orderly marketing," a term by which the Japanese mean informal restraints by individual companies so as not to severely disrupt trading partners' economies.

Mr. Nakasone's appeal Tuesday for more imports follows one that he made on national television in April. Japan has experienced a flurry of import fairs and company announcements of foreign purchases since then. But officials here are not able to offer any statistical evidence that the Japanese have become more open to foreign goods.

In fact, Japanese imports from the United States declined marginally in the first six months of this year, while exports to the United States continued to rise.

U.S. Reserves Judgment

The White House spokesman, Larry Speakes, announced the cautious U.S. reaction Tuesday in Washington.

"It is difficult to determine from the announcement whether the program will remove the bulk of these barriers in a timely fashion," The Associated Press quoted him as saying, "so we must reserve judgment until the effect of the program on our exports is realized."

"While a long-term effort is welcome, earlier implementation would help resolve crucial trade problems confronting us today," he said.

John C. Danforth, the chairman of the Senate Commerce, Science and Transportation Committee, said that the plan was suspect until more American products began to be sold in Japan. "We've heard great-sounding words before," United Press International quoted him as saying.

Mr. Danforth, Republican of Missouri, was speaking on a television news program. He said that the United States should retaliate against specific Japanese products if that country failed to remove trade barriers.



Secretary of State George P. Shultz and the Soviet ambassador to Washington, Anatoli F. Dobrynin, adopt similar body language as they converse in Helsinki before the conference.

Pre-Summit Mood: U.S. and Soviet Engage in Duel of Thrust and Parry

By Hedrick Smith
New York Times Service

WASHINGTON — The Soviet Union's announcement that it would halt nuclear testing from Aug. 6 until the end of the year is seen by U.S. officials as the latest in a pattern of moves by Mikhail S. Gorbachev to put pressure on President Ronald Reagan before their November meeting.

The United States has sought to deflect the Soviet moves and to take its own initiatives to try to keep Moscow on the defensive.

This has produced almost a Ping-Pong rhythm to public pronouncements by the two sides that specialists expect to continue through the summer and fall.

The Soviet proposal Monday for a moratorium on nuclear testing was matched by Mr. Reagan's invitation for Moscow to send observ-

ers to a U.S. underground nuclear test.

At each important turn, the United States has reacted quickly to avoid being outflanked. Signs of Soviet flexibility on arms control.

NEWS ANALYSIS

have been discounted as too vague to suggest whether Moscow seriously wants a breakthrough or is merely posturing.

The White House turned aside Mr. Gorbachev's testing moratorium Monday on the ground that the Soviet Union had conducted an accelerated program of tests, so a temporary suspension would cost little in the way of weapons development and could be followed later by more intensive testing.

More broadly, U.S. political analysts say they believe Mr. Gorba-

chev has pursued a strategy of expanded political openings with China, France, Italy and the European Community as a means of putting pressure on Mr. Reagan.

On July 3, just hours before Moscow announced Mr. Gorbachev's agreement to meet with Mr. Reagan, the Kremlin disclosed that Mr. Gorbachev would go to France first.

He met earlier in Moscow with Prime Minister Bettino Craxi of Italy, and his government had extended political recognition to the European Community, two gestures aimed at improving political and economic relations with Western Europe.

On July 10, the Kremlin stepped up its level of cooperation with China by signing a \$14-billion, five-year trade agreement, despite

Helsinki Forum Reflects Soviet, U.S. Divergence

By Henry Tanner
International Herald Tribune

HELSINKI — Eduard A. Shevardnadze, the new Soviet foreign minister, and Secretary of State George P. Shultz of the United States offered conflicting views Tuesday on the subject they were commemorating: the signing 10 years ago of the Helsinki accords on European security, cooperation and human rights.

Observers nevertheless discerned some positive developments Tuesday.

Mr. Shevardnadze and Mr. Shultz, despite the bluntness of their language, went out of the way not to close doors on future U.S.-Soviet discussions.

Both referred in hopeful terms to the scheduled meeting in November between Ronald Reagan and Mikhail S. Gorbachev in Geneva.

Both made it clear that their governments attached great importance to the meeting.

European diplomats said that they were encouraged that the Russians and the Americans have brought some of their top negotiators to the Helsinki talks.

The U.S. delegation was changed at the last moment to include Paul H. Nitze, the U.S. administration's senior adviser on arms control, and Max M. Kampelman, the chief U.S. negotiator on space and defensive arms at the Geneva talks.

As recently as late last week it was not intended that the two men part of the delegation, sources said.

The Soviet delegation included two leading disarmament negotiators. One is Yuri A. Kvitsinsky, an ambassador-at-large who was the chief Soviet negotiator at talks on limiting medium-range missiles in Europe.

The other is N. N. Detinov, who was listed as a member of the Soviet delegation to Geneva.

Mr. Shevardnadze, who was making his first public speech in the West as foreign minister, repeated many of the allegations of his predecessor, Andrei A. Gromyko.

He accused the United States of deploying first-strike nuclear missiles in West Europe, of violating treaties limiting strategic offensive arms and anti-ballistic missile systems, and of being determined to go through with its Strategic Defense Initiative "by whatever means."

He said that the Reagan administration was reluctant to negotiate

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To Soviet dissidents, the Helsinki pact was human-rights promise without substance. Page 2.

in a "businesslike manner" at the Geneva arms talks.

He asserted that unnamed "reactionist" forces in the West were "attempting to question" the territorial agreements made at Yalta and Potsdam that set the postwar borders of Europe.

He warned that "if someone counts on negotiating with the Soviet Union from a 'position of strength' he should abandon such an illusion."

Mr. Shultz, in his speech 20 minutes later, did not respond to the Soviet statements, but detailed what he called specifics in the realm of human rights.

He named more than 20 cases, including those of the Nobel laureate in physics, Andrei D. Sakharov, Yuri F. Orlov and Anatoli B. Shcharansky, who have suffered persecution. Mr. Shultz cited these as evidence that the Soviet Union not only had failed to live up to the human rights commitments it accepted in 1975 but also that the rights situation in the Soviet Union has worsened.

Mr. Shultz and Mr. Shevardnadze were to meet privately at least once Wednesday.

The composition of their delega-

No Sales Yet In U.S. Farm Exports Plan

By Ward Sinclair
Washington Post Service

WASHINGTON — The Reagan administration's program to subsidize U.S. farm exports by giving away surplus government commodities has produced no final sales agreements after two months of operation, but Agriculture Department officials say it is too early to consider the program dead.

Under pressure from members of Congress from agricultural states to reverse the drop in farm exports, Agriculture Secretary John R. Block announced in May that up to \$2 billion in government-owned surpluses would be used to bolster sales.

The announcement caused controversy when Mr. Block said that the subsidized sales, although contrary to the administration's trade policies, would be targeted on markets that the United States had lost to what he called its competitors' unfair trading practices.

The first subsidized sale was offered to Algeria, formerly a major buyer of American wheat, but the Algerians have not responded with tender offers. Algeria now relies on the European Community for much of its wheat, which is available at a lower cost because of the EC's export subsidies.

A second subsidized sale of wheat flour to Egypt is planned, but details are not final. Egypt is another former major buyer of American wheat that now gets about 70 percent of its supplies from the EC.

"The process is very much under way," said Daniel G. Amstutz, undersecretary of agriculture for international affairs and commodity programs, "but one thing that has shipped through the cracks in all this is that these offers are for a 12-month period."

"We did not expect people to rush out and buy right away," Mr. Amstutz said. "We'd love for them to announce tenders five minutes after we offer one of these initiatives, but remember, this is a buyer's market for these products."

He predicted that Egypt would announce a tender offer for wheat flour within the next few weeks, which likely will be the first test of the subsidy program.

"We're expecting some tenders fairly soon," said Paul Green, an official of the Millers National Federation, who was in Cairo last week. "Buyers have reacted positively. This is a complicated program, but we think it will work for

(Continued on Page 3, Col. 6)



Konstantin U. Chernenko with Leonid I. Brezhnev at 1979 talks in Vienna.

Soviet Mystery: Why Chernenko After Andropov?

By Dusko Doder
Washington Post Service

MOSCOW — Precisely why and how Konstantin U. Chernenko was selected to succeed Yuri V. Andropov as Soviet leader is still a mystery. When the choice was announced Feb. 13, 1984, it came as a jolt to much of the nation.

The next day a physically exhausted Chernenko faced the nation from the Lenin Mausoleum, presiding over the Andropov rites.

First impressions often become lasting images, and in Chernenko's case these were devastatingly negative. As the Spassky Tower bells signaled noon and the new leader seemed not quite sure how to proceed, the voice of Foreign Minister Andrei A. Gromyko was clearly heard over the loudspeakers.

"Don't take off your hat," he said, turning toward Chernenko.

The new leader looked to his left, got an approving nod from a fellow Politburo member, Viktor V. Grishin, and began to read his speech. One could see his breath in the freezing cold. It was the shallow breath of a man with a respiratory problem. His voice lacked firmness. He slurred his words, and one often could not make out where his sentences began and ended.

Next was Mr. Gromyko, whose eulogy was a masterpiece. He seemed truly to mourn Andropov, as did the following speaker, Defense Minister Dmitri F. Ustinov.

It was the picture of these two powerful figures, who spoke forcefully and appeared physically far more vigorous than Chernenko, although he was a few years younger than they, that made the new leader appear a feeble and indecisive old man overwhelmed by party barons.

It is difficult to overestimate the importance of style and instincts a general secretary of the

Soviet Communist Party brings with him to the office. The office itself is not only the center of action in the system. In a strictly hierarchical political set-up, it is everything.

These early impressions of Chernenko, however, turned out in some ways to be unjustified. Less than a year after taking over, for example, Chernenko almost single-handedly engineered a

Power in the Kremlin

Brezhnev to Gorbachev

Second of three articles

crucial shift in Soviet policy toward the United States. He brought Moscow back to the nuclear arms negotiations at Geneva that Andropov had ordered Soviet delegates to walk out on late in 1983.

It would be difficult to imagine a truly indecisive and feeble man rising to membership in the Soviet Politburo, let alone aspiring to become the country's leader.

For nearly three decades, Chernenko had served as the closest aide to Leonid I. Brezhnev. He knew all the secrets and saw all papers and documents before they came to Brezhnev's desk. During Brezhnev's last, ailing years, it was Chernenko who in effect ran the country.

People who knew Chernenko described him as a man of above average intelligence with a talent for organization and a mastery of technical details. Even his detractors concede that he was an efficient administrator with whom they liked to deal on business more than with any other member of Brezhnev's entourage.

Yet his mind, for all its clarity, was conver-

sional, in the traditional mold of a successful party bureaucrat. He was, as a senior Soviet official put it privately, "a tremendously average man" who had risen too high. What propelled him forward also held him back once he assumed supreme power. He was a victim of his background, sharing Brezhnev's ideas and style.

Chernenko also inherited Brezhnev's constituency and was unquestionably its standard bearer in the Kremlin council.

The most likely explanation for Chernenko's elevation was that Andropov, during his brief tenure, had shaken up the country to such an extent that the party bureaucracy might have had second thoughts about whether they really wanted so strong and forceful a figure, and so disturbing a challenge to the certainty of their existence. For most of them, this theory holds, Andropov's challenge seemed too exciting and they yearned to fall back to the familiar, safe Chernenko.

Much of the Soviet elite was hoping that the job would go to Mikhail S. Gorbachev, then 53, the youngest Politburo member, who had obviously been groomed by Andropov for the leadership.

When the old guard opted for Chernenko, that was the lowest point in the protracted transition crisis.

Even then, seemed stacked against Chernenko. The widespread sense of depression and gloom, which was all-pervasive during the next few weeks, was sustained up by a writer.

"I can tell you that as a Russian writer, I honestly feel hurt in my national dignity," he said in private. "I love my country, I'm proud of it. I am not a dissident, but I do not want such a man to be at the head of our country." The sheer

(Continued on Page 5, Col. 1)

Industrial Dream Fading, 3d World Revives Farms

By Nicholas D. Kristof
New York Times Service

NEW YORK — Rising above the splendid beaches and swarming markets in the West African capital of Lome, Togo, are a steel mill, an oil refinery, a 36-story luxury hotel, and a ceramics and brick factory. A patina of rust and disillusionment begrades these dreams of past decades. The oil refinery is closed, the steel mill has been leased to an American, the hotel is mostly empty and the factory no longer makes ceramics.

Similar "white elephants" loom over the poverty in dozens of other cities around the world, from the Philippines to Poland, from Argentina to Zambia. Erected in the last few decades, they are monuments to an era in which developing nations aspired to replicate at least the forms of industrial societies, to catch up with the West by building industries to free themselves from the indignity of supplying the raw materials that other nations refined.

That era appears to have ended. Today the watchword of development is not industrialization, as it was in the 1950s, 60s and 70s, but agriculture. In financial ministries around much of the world, in ivory towers from Beijing to Boston, and in Washington, development strategies have been turned upside down. Old ideas have become widely discredited.

Farmers, not industrial tycoons, are seen now as the pivotal figures who can help pull their

countries from the mire of indigence. And although prices of wheat, sugar and other agricultural products are sorely depressed on world markets, many experts say they represent the greatest hope for the Third World.

"There has been a tremendous and historic shift," said Walt W. Rostow, whose 1960 book, "The Stages of Economic Growth," became the bible of development for its description of how countries generally evolve from traditional agriculture to modern industry. "You have the drama of India exporting grain to the Soviet Union, and the same thing is happening in China. The world is spreading. You can't cheat the farmer."

Luke J. Mwanambili, the finance minister of Zambia, agreed. "Certainly there has been a shift," he said. "I speak of my country, but I think also in many parts of Africa there has been this shift of emphasis. We want agriculture to come to the fore."

The new-born agricultural fundamentalism is a far cry from the strategy of industrialization that was heralded in the postwar years as the escape from poverty.

Not only the developing countries, but also the United States, Western Europe and the Soviet Union encouraged this view, aiming millions of dollars in aid to finance vast prestige projects such as dams and power plants intended to assist the new industries. And economists from the London School of Economics and elsewhere roamed the Third World, bearing the gospel of industrialization.

Today most economists, including such doyens as Mr. Rostow and John Kenneth Galbraith, say that they emphasized agriculture all along. Indeed, no economist or statesman ever said that agriculture was unimportant, but in practice it tended to be overlooked in the rush to industrialize. A rare economist who became a crusader for agriculture was Theodore W. Schultz of the University of Chicago, who in 1979 won the Nobel Memorial Prize in Economic Sciences.

"Most of the poor countries were being advised by the rich countries, and also from within, that the best way to achieve economic growth was rapid industrialization, if need be at the expense of agriculture," he recalled. "It turned out in country after country to be a disaster."

The ramifications of the new changes could be immense. Shifting development strategies—particularly when that involves raising food prices to stimulate farm production—can generate riots or coups. In April, for example, the Sudanese government was overthrown after it raised the price of the round bread called ash that is sold on every street corner in Khartoum.

But there are also wider international implications. With increased resources devoted to agriculture in most of the Third World and Eastern Europe, more countries are able to feed themselves, or even to export their agricultural products, such as grain.

This cuts into traditional markets of Amer-

(Continued on Page 13, Col. 4)



Prime Minister Rajiv Gandhi reached his historic accord with the Sikhs by skill, compromise and luck. Page 2.

U.S. shuttle astronauts faced new problems with their astronomy experiments. Page 3.

British government has announced final plans for selling its remaining British PLC shares. Page 8.

Syrians Send 42 Tanks To Back Beirut Shiites

By Nira Boustany
Washington Post Service

BEIRUT — Syria delivered at least 42 Soviet-made T-54 tanks to Beirut on Tuesday, apparently for the Lebanese Army's 6th Brigade and the Shiite Muslim militia Amal.

It was the first time Syrian tanks had returned to the Lebanese capital since Syrian troops were evacuated in the summer of 1982 after the Israeli invasion. The arrival of the tanks dramatically altered the balance of power among Lebanon's Muslim militias and between Muslims and Christians.

Witnesses saw at least 42 of the vintage tanks, a model used in combat in the Middle East, Angola, Vietnam and in fighting toward Beirut's southern suburbs from the Druze-held coastal town of Damur.

The Christian-controlled Voice of Lebanon said that 46 of a contingent of 50 tanks had reached Beirut to help back a security plan for the city.

Dr. Zuheir Berro, an adviser to the Amal leader Nabih Berri, confirmed that the tanks were to assist in carrying out the Syrian-sponsored security measures. He said that the supplies were for the Lebanese Army's 6th Brigade and that Amal helped transport them.

Amal's military branch said that some of the tanks had moved from the Bekaa Valley to Beirut and that most were within the city. It said that the tanks would be used in the "gathering of heavy weapons" and noted that they had been entrusted to the 6th Brigade.

The 6th Brigade, composed mainly of Shiite soldiers and officers, has been poorly equipped compared to the more polished Christian brigades deployed in eastern Beirut.

The 6th Brigade and the Shiite mainstream Amal movement have worked closely since February 1984, when Syrian-backed Muslim forces overpowered Christian-led army units and took control of the Muslim half of the Lebanese capital.

BRIEFS

ure on Hostages
Hassan Fadlallah, a Lebanese cleric, said he was not sure if his efforts to free four Frenchmen taken by Hezbollah in Lebanon would be the spiritual guide of the Shiite faction. He denies he is a Shiite cleric.

Air Safety
The Federal Aviation Administration announced Tuesday that it would increase the safety of air travel by requiring airlines to use more modern aircraft.

Defeat on Rains
The British House of Commons voted Tuesday to reject a bill to increase the power of the Home Secretary to detain foreign-born suspects.

an Ruling
The U.S. Supreme Court ruled Tuesday that a state law requiring a woman to prove she is unable to support herself before she can receive public assistance is unconstitutional.

ew on U.S. Base
The U.S. House of Representatives voted Tuesday to support a bill to allow the president to use military force to remove Soviet troops from Cuba.

Republicans Warn Reagan Against Stand On Deficit

By David Hoffman

WASHINGTON — President Ronald Reagan refused Tuesday to reconsider his rejection of tax increases or changes in Social Security benefits, prompting Republican leaders to predict that Congress would produce a sharply reduced deficit this year.

The House minority leader, Robert Michel of Illinois, said after meeting with the president that Congress was "obviously" going to fall short of the original target of a \$50-billion deficit reduction this year.

Representative Michel predicted approval of a budget reducing the deficit about \$40 billion.

However, Senator Pete V. Domenici, the Senate Budget Committee chairman, said: "Any chance for this year getting a real, significant, reliable, credible deficit-reduction package is gone."

The Senate majority leader, Robert J. Dole of Kansas, who was critical of Mr. Reagan's decision to oppose an oil import fee and Social Security benefit delays, did not show up for the meeting with the president.

Other Senate Republicans expressed anger at Mr. Reagan's refusal to support their deficit proposals.

"I think for a while, at least," Senator Dole said, "there'll not be too many Republican senators listening to pleas from the White House on anything."

Defense Bill Delayed
The House Democratic leadership Tuesday delayed until September any floor vote on a bill authorizing Pentagon spending for the next fiscal year. The Associated Press reported.

The House speaker, Thomas P. O'Neill Jr. of Massachusetts, said that "there were a lot of feathers ruffled out there" among House Democrats upset about concessions made to the Senate during a House-Senate conference committee.

The Senate, meanwhile, approved compromise legislation authorizing \$12.7 billion in foreign aid for each of the next two years and providing for the resumption of direct U.S. assistance to the anti-Sandinista rebels in Nicaragua.

The legislation was sent to the House, where passage would mark the first time Congress has agreed on foreign aid spending authority in four years.

While the criminal justice system works to deter the assailants, the civil system tries to deter the dangerous conditions that foster crime, whether in the workplace, the apartment, a bar, a restaurant or a hotel, said an attorney, Ellen Carson, who has represented several victims. "When landlords have to balance a million-dollar judgment against a few dollars for locks, maybe they'll think harder about security."

The publicized case that galvanized the present efforts was won by the singer Connie Francis in 1976. She sued Howard Johnson's Motel after she was terrorized at gunpoint for two and a half hours and raped by a man who broke into her suite at a motel lodge in Westbury, New York.

Her attorney successfully argued that the doors had inadequate locks, which could be opened "with a little jiggling." She was awarded \$2.5 million by a jury, and settled for about \$1.5 million instead of fighting an appeal.

The women do not claim that the defendants in these civil suits directly had a hand in the crime or intended any harm. But more juries are ruling that defendants should have anticipated what might happen as a result of hiring, or decisions that put security against cost. Failure to take reasonable preventive measures can be negligence.

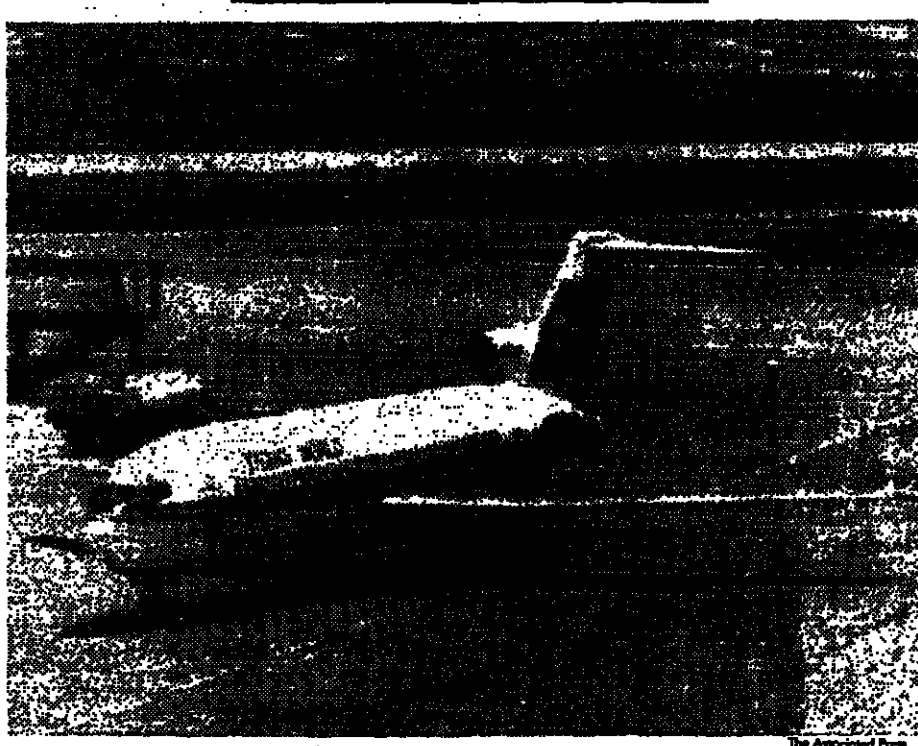
In 1980, an Indiana jury awarded \$800,000 to an Avis car rental agent who sued the company after being raped by a fellow employee in Indianapolis. A second agent received a \$300,000 settlement after being raped by the same man.

MEMORIAL SERVICE

MANDY LAWTHOR

A memorial service for MANDY LAWTHOR will be held at the American Cathedral, 23 Avenue George V, Paris, at 6 p.m. on Thursday, August 1st.

AMERICAN TOPICS



STILL GROUNDED — The Trans World Airlines plane that was hijacked last month to Beirut and Algiers remains on the tarmac at Beirut International Airport.

'New Collar' Voters: The Fickle Class

A new segment of the population that should command the attention of both political parties is that of the "New Collar" voter, according to Ralph Whitehead Jr., professor of public service at the University of Massachusetts.

The New York Times quotes Mr. Whitehead as saying that New Collar voters are Middle Americans, the offspring of blue-collar America. They are mostly under the age of 45, making \$20,000 to \$40,000 a year a family. They tend to be politically independent and ideologically fickle. They voted overwhelmingly for Ronald Reagan in 1984.

They are heavy television viewers, preferring football and light entertainment.

New Collar voters form roughly 15 percent of the national electorate and lead all voters in ticket-splitting. They differ from their blue-collar parents in that they are difficult to engage in campaign politics or political organizations.

Short Takes
Arthur and Debra Toga of St. Louis, Missouri, were hostages on the Trans World Airlines flight hijacked last month. When they asked the airline if their extra flights to Algiers and Beirut

during the hijacking would be credited under TWA's "frequent flyer" program, TWA said yes. The airline indicated that other hostages on the flight would be similarly credited. The credits are used to obtain free flights.

The biggest single error in law enforcement in decades has been taking policemen off the beat and putting them in patrol cars, according to Thomas Rappetto, president of New York City's Citizens Crime Commission, a watchdog group organized by businessmen. "Police lost contact with the public, particularly young people," Mr. Rappetto said. The policeman walking the beat "has been government's answer to urban violence for 100 years, and should be again."

At least six employees of The New York Times Co. contracted symptoms of Legionnaires' disease and 23 others reported respiratory problems before the outbreak subsided, company officials say. According to Dr. Howard Brown, The Times' medical director, 29 cases of respiratory illness have been diagnosed among workers in the newspaper's midtown Manhattan building since mid-June.

When Eleanor Smeal met the press after being elected last week as president of the National Organization for Women, she put her arms around her husband, Charles, and their two children. "Feminists aren't supposed to do this sort of thing," she said, smiling. Born Eleanor Marie Cutri, she uses her husband's name. But Molly Yard, a friend of the Smeals in Fairfax, Virginia, said, "Charlie does most of the cooking. Ellie would just as soon never cook another meal in her life."

Diana McEllan, who has been writing the whimsical gossip column called "Ear" for 10 years, first for the defunct Washington Star, then for The Washington Post and now for The Washington Times, is quitting to become Washington editor at The Washingtonian magazine. Asked why she was ending her successful column, she said she remembered that Igor Cassini, a longtime New York columnist, said you go nuts after five years of writing a gossip column. "As for me," she said, "I've loved doing it, but 10 years was long enough."

Shorter Takes: In the past year 14 of the 50 states have adopted mandatory automobile seat belt laws; similar laws are pending in nine other states. Births nationwide increased slightly last year, from 3,618,000 to 3,690,000, after falling slightly the previous year, but demographers call it only an echo of the baby boom of the 1950s.

—Compiled by ARTHUR HIGGEE

Shuttle Crew Faces Problems With Tests

CAPE CANAVERAL, Florida — Astronauts aboard the U.S. shuttle Challenger, after the failure of a main engine minutes after launching Monday, encountered new problems Tuesday with astronomy experiments that they are trying to carry out in space.

The Challenger, with the European-built Spacelab aboard, reached a lower-than-planned orbit Monday after one of its three main engines failed six minutes after takeoff from Cape Canaveral.

It was the first major engine malfunction on ascent in 19 shuttle missions. Officials of the National Aeronautics and Space Administration said that the Challenger came within 33 seconds of having to make a forced emergency landing at a U.S. military base in Spain.

After weathering the crisis, the Challenger's seven-member crew turned to the task of transforming the space ship into a flying astronomical observatory.

The Spacelab, a 34-foot-long (10-meter-long) laboratory anchored in the Challenger's open cargo bay, was smoothly activated early Tuesday but attempts to operate its telescopes and other scientific devices, known as the Instrument Pointing System, ran into serious obstacles.

Jesse W. Moore, head of the shuttle program for NASA, said after Monday's engine failure, "We are pretty optimistic about achieving all the goals of the mission."

Ground controllers at one point called an "abort to orbit."

The shuttle managed to achieve a noncircular orbit that was about 170 miles (274 kilometers) at its highest point, about 70 miles short of its goal of about 240 miles.

Officials said the orbit was high enough so that it would not force the shuttle to re-enter Earth's atmosphere unexpectedly.

Mr. Moore later played down the problems, saying "abort" was too strong a word to describe the events. "We ought to purge the words 'abort to orbit' as long as we get into orbit," he said.

Jack Kroenke, a NASA spokesman, said later: "We're facing more glitches than we had expected at this point, but we should be able to iron them out in a reasonable period of time."

NASA officials said that the chief problem was a malfunction in a \$60-million West German-built telescope aiming platform that controls three solar experiments and an atmospheric measuring device.

The testing of the platform is regarded as a crucial objective of the seven-day mission. The device is to be used again next March when shuttle astronauts study Halley's comet.

Astronauts aided by advice from technicians on the ground also



Jesse W. Moore, director of the U.S. space shuttle program.

were troubleshooting mechanical problems on two solar projects aboard the Spacelab.

NASA scientists remained concerned that the Challenger's failure to reach its planned orbit would prevent the mission from achieving some of its scientific goals.

The Spacelab's \$78-million experiment package is to be used to study the sun, probe Earth's atmosphere and scan neighboring galaxies for signs of "black holes" or hypothetical collapsed stars with small dancers and intense gravitation fields.

The shuttle has a flight path about 195 miles above Earth, 45 miles short of its initial target.

The shuttle is scheduled to land Aug. 5 at Edwards Air Force Base in California.

Other Mission Problems
Monday's liftoff was delayed for

nearly two hours when a navigational device on one of the shuttle's two solid-rocket boosters failed.

The New York Times reported. Before that, the Challenger's mission had been delayed until Monday because of valve problems in a different engine, the No. 2, more than two weeks ago.

Asked if the problems would reflect poorly on the space agency, Mr. Moore said "the system exhibited its design capability" in coping with the engine failure.

Later this week, the astronauts are to release and later retrieve a small scientific satellite to help understand the effects of solar winds on Earth's atmosphere.

Problems With Instruments
Thomas O'Toole of The Washington Post reported from Cape Canaveral: The \$60-million Instrument

No Sales Yet Under U.S. Plan

(Continued from Page 1)

flour. We've got to try to make it work."

Mr. Amstutz said that the Agriculture Department would make more subsidized sale offers, targeting markets where the United States deems that it faces unfair competition, but he declined to name countries or commodities that would be involved.

Although the administration had resisted such a program for months, it bowed to Senate pressure last spring and agreed to go along in return for support by farm-state legislators for a compromise congressional budget resolution.

Mr. Block, calling the program "not good policy," said that surplus government-owned commodities

would be given away as bonuses for buying American farm products. The U.S. products would be purchased in the United States at American prices, then offered at lower, competitive world prices with the surplus goods making up the cost difference.

Capitol Hill pressure for more action by the administration on farm exports has continued, however, and both the House and Senate Agriculture committees are writing variations on export-subsidy schemes into the farm bills they are preparing.

Most of the congressional concern stems from the deteriorating export picture, which has seen U.S. sales fall from a peak of \$43.5 billion in 1981 to an estimated \$33.5 billion this year.

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Rape Lawsuits: Seeking to Legislate More Caution

By Sandra Saperstein
WASHINGTON — A growing number of women are responding to rape by filing lawsuits, not against their attackers but against those whose negligence may have contributed to the crime.

They have sued owners of apartment buildings, hotels and businesses for failing to provide adequate security. They have sued employers who hired applicants with serious criminal records for jobs that require dealing with the public.

"While the criminal justice system works to deter the assailants, the civil system tries to deter the dangerous conditions that foster crime, whether in the workplace, the apartment, a bar, a restaurant or a hotel," said an attorney, Ellen Carson, who has represented several victims. "When landlords have to balance a million-dollar judgment against a few dollars for locks, maybe they'll think harder about security."

The publicized case that galvanized the present efforts was won by the singer Connie Francis in 1976. She sued Howard Johnson's Motel after she was terrorized at gunpoint for two and a half hours and raped by a man who broke into her suite at a motel lodge in Westbury, New York.

Her attorney successfully argued that the doors had inadequate locks, which could be opened "with a little jiggling." She was awarded \$2.5 million by a jury, and settled for about \$1.5 million instead of fighting an appeal.

The women do not claim that the defendants in these civil suits directly had a hand in the crime or intended any harm. But more juries are ruling that defendants should have anticipated what might happen as a result of hiring, or decisions that put security against cost. Failure to take reasonable preventive measures can be negligence.

In 1980, an Indiana jury awarded \$800,000 to an Avis car rental agent who sued the company after being raped by a fellow employee in Indianapolis. A second agent received a \$300,000 settlement after being raped by the same man.

According to Buddy Yosha, lawyer for the victims, the man had been convicted of assault and battery and charged with raping a colleague at his previous job.

After being hired by the rental agency, other employees complained that he was violent. The man was moved to the night shift, where one of his duties was driving

female employees to their cars, Mr. Yosha said.

In 1983, an Illinois jury awarded \$200,000 to a woman who was raped on a Chicago Transit Authority train when an assailant dragged her into an unused motor-car compartment.

Her attorney, Kevin Conway, said a study had recommended that the unused compartments be closed because "criminals could conceal themselves from those they were about to prey on."

The transit authority appealed, but the judgment was upheld.

In January, a Texas jury awarded nearly \$5 million to a Mexican woman and her two young daughters. The woman was raped and her 3-year-old child held at gunpoint by the driver of a Fort Worth cab.

According to her attorney, Broadus Spivey, the driver had been convicted of armed robbery and charged with assault with intent to commit rape before he was hired, but the Fort Worth Cab & Baggage Co. never checked his record.

In May, a superior court jury in the District of Columbia awarded \$250,000 in damages to a 10-year-old who had been lured out of an unsupervised classroom at Mary Plummer Elementary School and raped. Her attorney, Patrick Christmas, argued that the district, through carelessness, "took away her childhood" by failing to provide adequate security in a high-crime neighborhood. Lawyers for the district have filed a motion for a new trial.

According to a prominent attorney for rape victims, more than 350 of these victim lawsuits have been filed nationally since 1970, many of them by victims of rape.

One woman who received an out-of-court settlement of \$100,000 after being raped by a man who broke into her apartment in Washington said she was reluctant to sue at first, thinking that "it was ob-

scene to get money for something like this." Then the landlord sued her for two months of rent after she decided to move.

She said she wanted to post signs on the door to warn people that the apartment was unsafe. "All I could think of is they rented to another person," she said. "What's going to happen to them?"

There are mixed reviews, however, on whether the suits are having an impact on security. An official at an apartment-management company in Washington said his firm was already security conscious, and he questioned whether tenants were careful to lock their apartments.

Charles Fritts of the National Apartment Association said landlords "are going to respond to the law as it is in their jurisdictions. They will do what they have to do."

Lawyers say the employers "are in a dilemma if you do, damned if you don't" position when deciding how deep to delve into an applicant's background. Employers may ask about criminal convictions, but under privacy laws they may not ask about previous arrests.

Under current law, there is no general expectation that employers will check criminal records. But employers are being held more and more responsible for things employees do if management could have reasonably anticipated it, an attorney said.

Filing a lawsuit also can make the victim, "rendered helpless and powerless" by the attack, feel in control again, according to the University of Pennsylvania professor.

That is a motive many rape victims share, said Ann Burgess, a psychiatric nurse and University of Pennsylvania professor who has treated rape victims.

Filing a lawsuit also can make the victim, "rendered helpless and powerless" by the attack, feel in control again, according to the University of Pennsylvania professor.

Ellen Carson
attorney

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Herald Tribune

Published With The New York Times and The Washington Post

A Failure of Leadership

In an astonishingly reckless act, President Reagan has demolished the Republican senators' plan to cut the budget deficit. Mr. Reagan did not like the oil tax or the temporary crimp in Social Security benefits — the two elements that made the senators' proposal a serious one. Political tradition holds that it is the president's job to lead the way toward a budget, but Mr. Reagan wants Congress to do it. He declines to take the initiative. This is leadership?

When Mr. Reagan took office the deficit was approaching \$80 billion a year. Now, in the fifth year of his presidency, it is running at about \$210 billion. Last summer there was talk from the administration about a big push, once the election was over, to get the deficit down to manageable proportions — meaning less than \$100 billion, where it had been in the Carter years. But the election has come and gone.

The budget that Mr. Reagan proposed last February for next year called for a deficit down (slightly) to \$180 billion, and even that figure was based on a forecast of rapid economic growth. On Monday the White House reduced its growth forecast, and this is not likely to be the last reduction. Lower growth means lower tax revenues and higher deficits. If you correct the February estimates with the growth rates that now seem probable, you see that the February budget implies deficits of over \$200 billion for the next three years.

When the tax cut was being passed four years ago the administration argued vehemently that deficits would drop to zero because the lower tax rates would set off a gigantic surge of savings, investment and economic growth. All of that has turned out to be dead wrong. The indicators of savings, investment and growth have all been approximately the same under Mr. Reagan as under Mr. Carter, or somewhat lower. Meanwhile the budget deficit is creating its counterpart abroad — a U.S. foreign debt that by the end of the year will be larger than Brazil's or Mexico's. As the Brazilians and Mexicans can testify, when foreign creditors decide that it is time to pay it will mean a sudden, severe drop in standards of living. Then the United States will have to go to work to make its debt payments through export industries weakened by years of overvalued exchange rates.

Spending cuts alone will not suffice to get the budget deficit under control. It is going to take a tax increase. As long as Mr. Reagan continues to oppose all tax increases, he is opposing all significant remedies for an American economy that is now running dangerously out of balance. He no longer offers a strategy of his own for dealing with the deficit. But that does not deter him from blocking the strategies that others courageously put forward.

— THE WASHINGTON POST.

Another Ugandan General

Uganda has become a metaphor for everything that has gone wrong in Africa: violence, suffering, poverty, misgovernment. Need it have been this way? From the British, Ugandans took over a country better suited than most others in Africa to make it its own. Tribal antagonisms, however, have so far raised insuperable hurdles to coexistence, let alone unity. A whole nation's prospects have been ravaged. In the years of independence, hundreds of thousands of Ugandans have been killed — by soldiers, rebels and brigands, by guns and starvation. Continuing unrest ensures that the toll will mount higher still.

Uganda has been cursed by the quality of its leadership. A civilian, Milton Obote, ruled arbitrarily in the 1960s. A general thought by many to be a likely savior, Idi Amin, seized power in 1971 and turned out to be a murderous monster. Mr. Obote returned to power at the end of the 1970s with the help of rebel forces and an invading Tanzanian army. The Tanzanian intervention broke the African

norm of respect for national borders, but seemed to be accepted in Uganda and by most African governments as the lesser evil.

In his second go, Mr. Obote was sadly unable to heal tribal wounds or contain the brutality of his undisciplined army. He has been ousted by a general, Tito Okello. Confidence in the new leadership is not heightened by the fact that, from exile in Saudi Arabia, Idi Amin has hailed the coup and pronounced himself "ready to rescue Uganda."

Many Ugandans may believe that their country needs a strong ruler to restore a semblance of order. This is the rationale for a new coup — and the basis for the nostalgia for Idi Amin that is reported to exist in some sectors of society. But can a new leadership find the touch for tribal politics that has been lacking for so many years? Therein lies what hope exists for Uganda to turn away from its self-destructive course and start taking real advantage of its substantial economic potential.

— THE WASHINGTON POST.

Documented and Recalled

In America, courts are asked to settle questions about almost everything, even history, and now a Los Angeles case has in effect determined that, yes, the Holocaust did take place. For anyone to deny it is a transcendent obscenity of our time, yet that is just the position the American court called the Institute for Historical Review. It offered a \$50,000 reward to anyone who could prove that the Nazis gassed Jews, but then had to be sued by an Auschwitz survivor who did so prove.

In settling the suit, the institute has finally agreed to pay, but not to accept. Its director, Tom Marcellus, says, "We did not have to compromise any of our positions." He still cannot see "any kind of evidence" that Jews were gassed at Auschwitz.

Coming to grips with the extermination of millions has taken generations. It has not been enough to expose those who ran the death camps as aberrant monsters. They were monsters, surely, and over time society has found it easier to acknowledge that they were human monsters. What made them so many times more latent in all of us. To keep the reverberating pledge, Never Again!, mankind needs to understand. To understand, it must confront, unblinkingly, the fullness of the Holocaust.

Why are people like Mr. Marcellus and his colleagues so determined to deny history? The world does not lack for bones and ashes, files

and witnesses. Even after 40 years, the night does not lack for silent screams.

Beyond that, the years have also brought other kinds of testimony. In The New York Times last week, Rabbi Susan Schuur told of one staying at a friend's house. In the middle of the night, the father "came padding down into the kitchen, clutching a slab of rye bread" and then stood with it in the dining room. "Chile," he said finally, thrusting the bread into the air. "Broit" — he held the bread against his pajama pocket. "Panc" — he shook it. "Lechem" — kissed it. "Bread" — took a bite. This he did over and over, saying the word in more languages than I could imagine existed. . . . He seemed sometimes, on an ordinary morning, almost stunned by the fierceness of his happiness. He was, it seems now, exhausted by his blessings. . . . He was a Holocaust survivor.

It is not hard to imagine how Mr. Marcellus might respond: "That's not even a horror story, just a sentimental anecdote. Doesn't prove a thing." True, it is not a story of horror. It is something far more moving: a story of gratitude, a gratitude so profound that it makes a man in the middle of the night to embrace a piece of bread. And in that gratitude, Mr. Marcellus — had you the eyes to see it — you would find your proof. Living proof.

— THE NEW YORK TIMES.

Other Opinion

A Warning to Heed From Lima

[President Alan Garcia's] inauguration on Sunday was attended by an impressive group of democratically elected Latin American heads of state, and such a handover has not been seen in Peru for a very long time. But circumstances in that country and in Latin America are such that this was necessarily a restrained and sober occasion.

There is certainly a Latin American consen-

sus that the attention to the problems of the region (outside Central America) paid by the Reagan administration has been wholly inadequate. Later this year in Havana, Fidel Castro will expound to an alternative meeting of Latin American political leaders and intellectuals his own more drastic and less Western suggestions on how to deal with the debt crisis. The declarations from Lima come from more responsible persons. They deserve attention.

— The Times (London).

FROM OUR JULY 31 PAGES, 75 AND 50 YEARS AGO

1910: A Wall Street Cashier Owns Up
NEW YORK — Erwin Wider, cashier of the Russo-Chinese Bank, who admits having stolen securities valued at \$680,000, says he took them because his salary of \$1,200 a year was too small to permit him to live as his friends did, and Wall Street "looked easy." Wider, who is now in jail, had sent this letter to the bank: "I might as well tell you that in a few days 3,200 shares of Pennsylvania Railroad stock will have to be shipped to the National Bank of Berlin. You won't find them, as I took them. You will find a large number of shares of other stocks missing. I meant to put them back, but the market went against me. It was all your own fault, anyhow. You should not put one man in charge of everything from A to Z." The letter led to Wider's indictment.

1935: An Anti-Aircraft 'Mystery Ray'
NAVESINK, New Jersey — Army Signal Corps workers in the closely guarded Navesink Highlands lighthouse are reported to have developed a "mystery ray" capable of detecting enemy airplanes and ships at a distance of more than fifty miles. A score of Coast Artillery officers arriving at the lighthouse, one of the most powerful along the Atlantic seaboard, gave rise to the report [on July 30] that a test would be made this week. It is understood that the Signal Corps has spent \$100,000 on the project. The War Department has declined to comment on the ray and all outsiders are being kept at a distance from the invention, which, in the words of one Army officer, should, if successful, "revolutionize air warfare," and prove deadly to an attacking fleet.

How to Make the Best of a Bad Situation

By Tom Wicker

NEW YORK — With the most imaginative idea yet offered by the leader of a debt-ridden Latin American nation, Peru's new president has pointed a possible way out of the region's dangerous debt crisis. The plan avoids both extremes: default, or years of extreme economic austerity threatening political upheaval.

Alan Garcia Perez may have given U.S. banks an opportunity they failed to create for themselves to put Latin America's more than \$350 billion in foreign debt on a sounder long-term basis — a less profitable arrangement, but one

Garcia's debt plan would give Peru the ability to pay from its own resources, although over a longer period of time.

more likely to bring repayment without bankrupting the debtors or killing frail democracies.

Mr. Garcia said on Sunday that Peru would continue to repay its \$14-billion external debt but would limit payment in the next year to 10 percent of its export earnings. Moreover, he said, Peru would make its repayment arrangements directly with its creditors and without the participation of the International Monetary Fund.

The IMF pattern in dealing with Latin debtors like Mexico, Brazil and Argentina has been to demand strict austerity measures in return for making or guaranteeing new loans to help these countries finance principal and interest payments. In one Latin country — the Dominican

Republic — austerity measures already have produced rioting and threats to the government.

Latin American specialists fear that sustained economic austerity in Brazil, Argentina and Mexico could threaten political stability in those important nations and undermine U.S. relations throughout the hemisphere. Alternatively, one or all of them might be led to default, with disastrous effect on the U.S. banking system.

Moreover, the debt restructurings for which austerity programs have been the price result in banks lending debtor nations more money at high interest to make principal and — mostly — interest payments on what they already owe. The consequence is that these loans remain "current" on the banks' books, and so their profits are not affected. But the debtor countries, while saved from default and up owing more than they did before the restructuring.

Meanwhile, austerity measures — high interest rates, reduced government spending, increased taxes and wage restraints — and huge outflows of capital to foreign banks hold back economic expansion in the debtor nations, and hence their ability to repay what they owe without further costly restructuring. On this course, plainly, the prospect is for permanent debtor status and economic stagnation in major Latin nations, or for political upheaval in protest, or for default — or perhaps all three.

Mr. Garcia's plan to limit external debt payments to 10 percent of external earnings would give Peru the ability to pay from its own resources, although over a longer period of time.

By curtailing the shipment of capital abroad, by making it unnecessary to borrow more to repay what is already owed and by avoiding the most economically limiting austerity measures, Peru might be able to expand its economy and exports, thus enhancing its ability to pay its debts.

Peru's foreign debt is a relatively small part of the Latin total, but if Mr. Garcia prevails on U.S. and other banks to accept his plan — and by refusing they would be likely to force him to default because of domestic pressures — these larger debtor nations will almost surely follow his lead. His tough approach may thus produce a more enlightened response than has yet been seen from U.S. banks and the Reagan administration.

With appropriate government guarantees for loan principals and regulatory relief for the short-term losses they would suffer, the banks could reduce the interest rate they charge the debtor nations and stretch out short- and mid-term loans to 25 or 30 years. A reduction from 13- to 6-percent interest on \$350 billion would save these nations more than \$20 billion a year to be invested in their economic expansion.

Not only would the loans and probably the debtors' political stability be made more nearly secure, but the United States, as benefactor rather than an economic exploiter, would be rewarded politically throughout the hemisphere, to the ultimate good of banks and the overall economy. But forcing Peru to repay in full and on schedule, even if it has to borrow more at high interest and handout its economy to do so, would be to the advantage of no one but those like Fidel Castro who preach default and defiance of the gringos.

The New York Times.

They Meant Well, but the Dilemma's All the Worse

By David S. Broder

WASHINGTON — Among dozens of articles for the 40th anniversary of the nuclear age, one has particularly touched me. An essay in the Bulletin of the Atomic Scientists by a Tufts University history professor, Martin J. Sherwin, has a human message that is captured in its ironic title: "How Well They Meant."

"They," in this instance, are the scientists of the Manhattan Project who designed and carried out the stupendous feat of building the first atomic bomb. Those men thought they were in a deadly race with Nazi scientists for acquisition of a weapon that could control the world.

Even as they hurried to undertake what they assumed was a German lead, there developed among them what Mr. Sherwin calls "a pervasive anxiety" about the bomb's role in the postwar world. "Within the context of the war, the scientists who participated in the decision to bomb Japan were consumed by a single objective — to transmit in the most dramatic fashion possible the message that the new age required new forms of international organization."

The story of the struggles to rationalize their own destructive handiwork is not a new one. But it gains in poignance as succeeding generations go through mental and moral gyrations, trying to come to terms with possession of a weapon whose power can end life around the globe.

These men — Americans, Britons and refugees from Continental Europe — were scientists united in the conviction that they could not let Hitler or his allies win the first round of the nuclear weapons race. They

accomplished that mission brilliantly, but even as they did so, they recognized that they had started the most dangerous competition in history.

As early as January 1944, Leo Szilard, one of the refugee scientists, wrote to President Roosevelt's science adviser, Vannevar Bush: "This

canst. Thus, even before the atomic weapon had been born, some of its parents entertained the idea of a preemptive military attack against the Soviet Union, in order to make the world ultimately a safer place.

Others in the group, including the great Danish physicist Niels Bohr,



weapon will be so powerful that there can be no peace if it is simultaneously in the possession of any two powers unless these two powers are bound by an indissoluble political union."

Such a union had to be created, Mr. Szilard said, "if necessary by force," to prevent a nuclear holocaust.

When he began consulting with the Manhattan Project after escaping from his homeland in 1933, Mr. Bohr undertook an additional responsibility that he deemed just as great as outdistancing the Nazi scientists. It was an effort to persuade Roosevelt and Winston

Churchill to break the secrecy on the project and tell the Soviet leadership what the American and European scientists were attempting to do.

"Arguing for a unilateral initiative," Mr. Sherwin writes, Mr. Bohr "insisted that the time to prepare for security in the nuclear age was before the bomb's development overwhelmed the possibility of international cooperation. If the bomb was born in secret in the United States, it would be conceived in secret by the Soviets. The only hope for avoiding a nuclear arms race after the war was to create an international control arrangement before the war ended and before the bomb was tested."

It is remarkable to read two generations later that the scientists who conceived and developed the bomb divided along the same lines on which Americans divide today on the issue of controlling its destructive power.

Then, as now, there were those who saw the only hope in keeping a power advantage over the Soviets — and in being prepared, if it came to it, to use that power to teach them a lesson about the danger of even thinking of gaining a nuclear advantage.

Then, as now, there were others who were prepared to take a unilateral risk of forsaking the advantage that secrecy and technology can provide, in the belief that if the Soviets are not persuaded of America's good intentions, the world will not survive.

Forty years later the debate still rages. But the stakes are higher today, because of the quantum leap in the size and destructive force of the superpowers' nuclear arsenals.

The Washington Post.

All Carrot and No Stick Add Up to No Movement

By Robert A. Manning

WASHINGTON — The failure of "constructive engagement" — the Reagan administration's attempt to use friendly persuasion to promote reform in South Africa — has critical implications for United States policy toward repressive regimes around the world.

Although not officially labeled "constructive engagement," that is precisely the principle that guides U.S. relations with Taiwan, Chile and the Philippines, among other countries. As in South Africa, it has had the opposite of the desired effect on those authoritarian governments.

The Reagan administration's quiet diplomacy has obviously had little success in southern Africa, either in facilitating an end to apartheid or in resolving the conflict in Namibia. This has become particularly evident in the last few months.

In May Pretoria sent a secret commando team deep into Angola, more than 1,000 miles (more than 1,600 kilometers) from the South African border, to attack a Gulf Oil installation vital to the Angolan economy. In mid-June there was the raid into Botswana's capital, Gaborone. A few days later South Africa announced it was appointing an interim government in Namibia, in defiance of U.S.-led negotiating efforts to bring independence to the territory. An internal crackdown has now followed in South Africa itself.

South Africa's go-it-alone stance, in open defiance of American admonitions, underscores two flawed assumptions at the heart of the Reagan

approach: that the interests of Washington and Pretoria are identical, and that a policy of all carrot and no stick can be effective.

There is nothing inherently wrong with offering countries like South Africa a positive incentive for change. Indeed, such a policy may be more effective than the condescending moralism that some liberal administrations have used to try to bring about reform. But clearly such incentives will have little effect unless they are accompanied by a threat of reprobation.

The issue is not whether U.S. diplomacy should be loud or quiet, but whether or not America is making appropriate use of the economic and political leverage at its disposal.

Consider three other countries in which Washington has squandered leverage that might have been used to facilitate democratic change:

In Taiwan, top officials of the government have been convicted of complicity in the brutal murder of the Chinese-American writer Henry Lin, an American citizen, assassinated at his home in San Francisco suburb. The regime of President Chiang Ching-kuo has refused American requests to extradite the officials involved for trial in American courts and to curtail its spying operations in the United States. Yet the Reagan administration continues to sell some

\$750 million worth of arms to Taiwan every year.

In Chile, for which the Reagan administration has approved a \$1-billion loan package, General Augusto Pinochet's regime persists in its refusal to move to restore democracy.

In the Philippines, since the murder of former opposition leader Benigno Aquino, Washington has strongly pressed President Ferdinand Marcos to make sweeping reforms to defuse the worsening economic and political crisis and the growing Communist insurgency. U.S. officials concede that Mr. Marcos has failed to make the needed reforms. Yet the administration has opposed congressional efforts to cut military aid and refuses to trim economic assistance.

No one seriously imagines that the United States has unlimited leverage with these or any other foreign governments. But in all three cases, failure to use the leverage at hand is likely to foster instability, harm American interests and create opportunities for Soviet influence.

For all its tough-sounding rhetoric, the Reagan administration lacks a sense of realism. Unless it is unwilling to put teeth in its quiet diplomacy, the strife in South Africa today may turn out to be part of a sad series of future disasters for American foreign policy.

Mr. Manning writes on foreign affairs for the *For East Economic Review* and other publications. He contributed this comment to *The New York Times*.

In El Salvador, Both Sides Violate Human Rights

By Aryeh Neier

NEW YORK — For several years, human rights groups concerned with El Salvador have focused the bulk of their attention on abuses by government forces. Those forces continue to be responsible for most of the civilian suffering, but a recent deterioration in the practices of the guerrillas makes it essential to speak out more forcefully to denounce their abuses against noncombatants.

Compared to such guerrilla groups as Sendero Luminoso, which is waging a savage war in the Andean highlands of Peru, and the "contras" in Nicaragua, who are systematically violating the laws of war, the Salvadoran guerrillas had a relatively good reputation. This rested principally on their treatment of prisoners of war. In the last six years they have released thousands of captured soldiers unharmed, either to the International Committee of the Red Cross or to local civilian officials.

Whether carried out for humanitarian reasons or propaganda purposes, that policy contrasted sharply with the practices of the Salvadoran armed forces, which have been suspected of summarily executing most prisoners they capture in combat.

This is not to say that the guerrillas committed no human rights abuses. On three occasions in mid-1983 they executed captured soldiers. They have also been responsible for several

assassinations, and they have shot at vehicles that crashed through their roadblocks, wantonly killing and injuring civilian passengers.

For several months in 1984 the guerrillas practiced forced recruitment in areas they controlled. Although not prohibited by the laws of war, this caused grief to many civilians, leading at least 1,500 to flee their homes and join the enormous population of displaced persons — most of it created by the armed forces' attacks on civilians in guerrilla-controlled areas. Criticism of forced recruitment in the press and among human rights groups seemed to have an effect, for in September 1984 the guerrillas stopped it.

It is in the last eight months that the practices of the guerrillas have become especially disturbing. There has been an increase in assassinations, often of right-wing political leaders. The main guerrilla organization denies any connection with the group known as the Clara Elizabeth Ramirez Front, which has claimed responsibility for the killings. But the guerrillas have not denounced the assassinations, explaining that to do so "would deepen contradictions" among the forces on the left.

Other recent guerrilla abuses include an episode in April at Santa Cruz Loma, a village near the capital, in which the guerrillas killed unarmed members of the local civil defense and a number of civilians. Shortly thereafter the guerrillas began kidnapping mayors in several regions, claiming that the government was trying to use these mayors to exercise civil authority in areas that the guerrillas consider under their control. In practice, the mayors are being held as hostages, apparently so that they can be exchanged for captured guerrilla commanders.

Most dramatically, on June 19 the guerrillas attacked an outdoor restaurant in San Salvador, killing four U.S. marines and nine civilians. The guerrillas claim that the marines were members of the armed forces of a party to the conflict. That is insupportable, because the marines' sole duty was to guard the U.S. Embassy, and they took no part in hostilities. Moreover, even if the marines could have been considered a legitimate military target, the circumstances made it almost inevitable that there would be a heavy civilian death toll.

In denouncing the attack, Archbishop Arturo Rivera y Damas of San Salvador said it would be hypocritical not to condemn as well the continuing use of terror tactics by

government forces. The reverse is also true: Critics of the government must not hesitate to condemn the mounting abuses against noncombatants by the Salvadoran guerrillas.

The writer is vice chairman of *Americas Watch*, a human rights organization. He contributed this comment to *The New York Times*.

For Punjab, A Return To Normal?

By S. Nihal Singh

PARIS — No one doubts that the agreement between Prime Minister Rajiv Gandhi and Harchand Singh Longowal, the Sikh leader, is a major breakthrough in a three-year-old crisis that took India's Gandhi's life last October and the lives of thousands of Sikhs in November. The central question is: Will it work?

There is a reasonable chance that it will, despite the twin dangers of Sikh extremists' efforts to sabotage it and the potential Hindu backlash. It remains for Mr. Longowal to sell the agreement to a majority of India's 14 million Sikhs, and for the government to control the backlash.

The ingredients of the agreement are not dramatic. The Le Corbusier-built city of Chandigarh, presently shared by Punjab and Haryana, is their joint capital, goes to Punjab. The dispute over the sharing of river waters goes to a commission. There are palliatives in terms of the rehabilitation in civilian life of Sikh soldiers who mutinied after government troops stormed the Sikhs' holiest shrine, in Amritsar in June last year. And the inquiry into the anti-Sikh riots after Indira Gandhi's murder has been broadened to include other cities, in addition to New Delhi.

The significance of the agreement is that it is the first of the government working for an opening, a compromise is now in place, which its opponents will have to wreck from the outside. Mr. Gandhi has shown clever political footwork in springing the agreement when he did, his first major domestic triumph since his landslide election victory last December.

Looking back, the very stringency of his December election campaign gave him the leeway to impose a settlement, which cannot but be unpopular with Punjab's Hindu neighbor Haryana. This sentiment has been exploited by the opposition parties, with state legislators resigning their seats.

Mr. Longowal has to make the agreement stick, guiding it through the mine fields of extremists' displeasure and the reservations of fellow Sikh leaders in the moderate camp. Thus far he has displayed surprising agility in building his leadership on the ruins of a total failure of Akali Dal, the principal Sikh party, to control events last year — a failure that ultimately led to the traumatic raid on the Golden Temple.

He has provided the government with the essential link: a credible Sikh leader to make a deal with. In a way, he bears the heaviest burden in making the compromise work.

The success of Mr. Longowal's efforts will determine how soon the prosperous state of Punjab can return to normal. A crucial decision the government has to take is whether to extend federal rule to Punjab for another six months or a year after October, or let the electoral process go through. It involves a fine balancing between the risks of giving the extremists an opportunity to stir Sikh passions again and the salutary effects of normal elections.

One consequence of the three-year-old crisis has been a polarization between Sikhs and Hindus, who have traditionally been close. Whatever the reasons for the government raid on the Golden Temple, the Sikh psyche was deeply wounded, and the anti-Sikh riots in November served further to alienate the community from the majority Hindus.

But behind the Sikh dissent lie deeper reasons. The present Punjab was carved out in 1966 after a long agitation by Sikhs demanding their own state; it had not been demarcated at the time the rest of the country was divided into linguistic units. But Sikhs were only 54 percent of the population in the new Punjab, and their desire to rule could be achieved on occasion only in a coalition with other parties. The prosperity of Punjab, the granary of the Green Revolution, has further deepened the Sikh percentage to 52 percent, due to the influx of Hindu laborers.

At the same time, traditional Sikh leaders were becoming increasingly concerned with modern trends and prosperity influencing young Sikhs to do away with the outer symbols of their religion, particularly unshorn hair. They feared that, without these symbols, the Sikhs would be submerged in the sea of Hinduism.

The Green Revolution was tending to taper off in the late 1970s, and that fostered a new nexus between rich farmers demanding more industry and economic benefits for Punjab and the religious leaders concerned over their flock.

The Rajiv-Longowal agreement, if it succeeds, will imply that the Sikhs' future evolution in Punjab will take place in the normal circumstances of a democratic political process.

The writer, a former editor of *The Statesman* (Calcutta) and the *Indian Express*, is preparing a book on UNESKO. He contributed this comment to the *International Herald Tribune*.

LETTERS TO THE EDITOR

The ANC's Credentials

Regarding Andrew Young's opinion column "You Have to Give the South African Whites a Choice" (July 22):

Mr. Young's reference to the African National Congress as the "legitimate leaders of South Africa's majority" is as grotesque as his assertion that the Carter administration, if it had known what was happening in Iran, would have "forced" the Shah to share power with the mullahs.

Given that the ANC leadership is intertwined with that of the South African Communist Party, which is controlled by Moscow, and that the ANC leadership boasts of its adoption of Marxist-Leninist means and goals, Mr. Young's advice is, to use his own words, very simple.

ARNOLD M. SILVER, Luxembourg.

Montreal Plus and Minus

Regarding "Picasso and Tut Sequels in Montreal" (July 13):

Montreal's Expo '67 was not legally a world's fair but a "Universal and International Exhibition" as authorized by the Paris-based Bureau International des Expositions.

Moreover, there seems to be confusion between Expo '67 and the 1976 Summer Olympic Games. The latter were a financial fiasco, but Expo '67 did not "nearly bankrupt" Montreal. On the contrary, it was profitable, with 50 million visitors between April and October of that year. The city contributed 12.5 percent of the cost of the infrastructure, the Quebec provincial government 37.5 percent and the Canadian government 50 percent.

JACQUES GAUDREAU, Paris.

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INSIGHTS

In Wales, the 1960s Dreams of 'New Prosperity' Fade to Despair

By R.W. Apple Jr.

New York Times Service

PORT TALBOT, Wales — Not too many years ago, Japanese businessmen were a regular sight on the streets of this tough seaside town in South Wales.

They had come to sea, and to learn from, a local marvel — the biggest and most modern steel plant in all Europe. In the late 1960s, it employed nearly 20,000 people, and it paid such good wages that workers hereabouts called it Treasure Island. It was difficult to get into, they said, but pure gold once you landed a job.

"Now that's all changed," said Doug Rees, the editor of the weekly Port Talbot Guardian. "The steelworks is down to 5,000 employees. The new deep-water harbor has helped some, but there is an awful uncertainty. I'm afraid that Port Talbot doesn't stand for much of anything any more except hanging on by the skin of your teeth."

But in a way Port Talbot, population 50,000, hometown of Richard Burton and Sir Geoffrey Howe, the British foreign secretary, also stands for the Other Britain. When Lord Stockton, a former prime minister when he was plain Harold Macmillan, spoke last year of the division of the country into "two nations" — a phrase borrowed from Benjamin Disraeli — it was places like Port Talbot that he had in mind, places that are culturally and economically far removed from the new prosperity, from the ritzy shops and restaurants and the technologically sophisticated factories of the London area.

Like Paris and New York, London has always been a place apart from the rest of its country. Government, commerce, the arts have always been centered on the capital, and Londoners have always been a bit bemused by such regional quirks as the northerner's flat cloth cap and



Port Talbot's time as a world showcase of modern industry was brief.

whippet racing, the Glaswegian's impenetrable accent, the Welsh passion for choral singing.

But there was a day when the provinces provided most of the country's industrial muscle and generated much of its wealth, especially places like Newcastle-upon-Tyne and the Clyde River Valley and the mill towns of Yorkshire and Lancashire and the Midlands.

When Disraeli spoke of "two nations" he was referring to two kinds of people — the very rich

and the very poor. Leeds and Liverpool and Cardiff, as well as London, had their fair share of both in his day. Now the pattern has drastically shifted, and southeastern England, with London as its hub, has become far richer than most of the rest of the country.

There are, of course, exceptions, such as the region between Edinburgh and Glasgow, which is enjoying a boom fueled by high-technology industries.

The shift has come about for many reasons. One is the change in the pattern in British foreign trade from the Commonwealth countries and the United States to Britain's nine European Community partners. Another is the rapid decline of the old "smokestack" industries, which find it hard to compete for foreign markets, and their partial replacement by innovative new factories. These tend to seek out sites in such areas as the Thames Valley west of London, which are close to population centers and well situated for road, rail and sea transport.

Still another reason is the decline of the Labor Party, the traditional voice of the north and of the worker in heavy industry, which might have poured public money into rebuilding the older industrial centers. Paralleling this decline has been the rise to power of the Conservative Party and Prime Minister Margaret Thatcher, who has tried to restrain government spending.

Many northerners bitterly resent government policies, but Mrs. Thatcher and her ministers have consistently argued that a period of painful adjustment is needed if Britain is to prosper in the decades to come. And it is probably true that some hardship was inevitable regardless of the party in power.

Even on a sunny day Port Talbot looks bleak. The upper town is cut off from the lower by a motorway, the main street is full of empty

shops, the back streets are full of houses decorated with "for sale" signs and even the shiny supermarket in the new shopping center gives away the game. In its dairy case, big piles of margarine elbow aside the few forlorn little cakes of butter, because Port Talbot can no longer afford the high-priced spread.

There are still those who insist that the town has a future, despite the cutbacks by the British Steel Corp. and B.P. Chemicals, despite the closing of a computer plant, an exotic flower that never took root, and the pending closure of a transmission plant. Speaking hopefully of the possibility of a new coal mine nearby and of the possibility of promoting Port Talbot as a tourist center with a kind of Welsh Disneyland, Abraham P. Matthews of the local Chamber of Commerce said, "We think that the best times are yet to be."

But his is a minority view. A more typical comment is that of a man in his 50s who has been unemployed for five years. Too humiliated to give his name — he told a visitor, "I used to belong to the working class, but now I have sunk much lower than that."

Last fall, Ralph Fèvre of Swansea University and Philip Brown, then of Swansea and now at Cambridge, conducted a study of the unemployed in Port Talbot. Nearly one person in five was out of work, they found, and most of the unemployed were less than 34 years old.

Two-thirds of them live in public housing; only 6 percent have a car less than two years old; only 56 percent have a telephone and many live well below the poverty line. According to the survey, 34 percent of their households have a weekly income of less than \$61, and 50 percent have a weekly income of less than \$122.

The mood appears to be cynical or at least fatalistic. Mr. Fèvre said a third of his sample said that unemployment was beyond the control

of any government, and less than half said they had jobs they considered secure. Only 4 percent of the jobless said they thought Mrs. Thatcher was ready to help. Mr. Matthews conceded, "We have all had to accept that we will never again have full employment in this region."

"This is a Labor town, always has been," a local politician said. "But there are fewer activists in the party than ever before, and yet in my pub they spend every night moaning about what Mrs. Thatcher has done to us. We have totally abandoned our political involvement."

Mr. Rees, the newspaper editor, said that his son had lost his job two years ago and that he and his best friend, Jimmy — "Not a genius, but a clever lad, prepared to work all the hours that God made" — doubted that they would ever get a regular job again.

For them, Mr. Rees said, "hobbling has become a way of life — legality goes by the board, and they cheat on taxes and this and that because they almost have to."

"They're not bloody starving, the kids have shoes," he said, "but I tell you, it's a constant battle of wits."

LIKE the poor in the American South during Reconstruction, the Welsh feel ill-treated by the central government. And like them, the Welsh have a deep-set sense of place that has only been intensified by their troubles. Few have moved to those parts of Britain where at least some jobs are available.

"There's a terrible feeling of hopelessness here," said Marian Jones, a social worker. "And it's even worse in the villages in the valleys around Port Talbot, where the rate of unemployment is 35 or 40 percent. The kids in schools don't talk any more about what they're going to do when they grow up. And it's going to get worse, can't help it but get worse."

Mark Sheridan, who works for an organization formed by the town's voluntary agencies to

work with the unemployed, says the impact of the big cutback in 1980 at British Steel, when 5,000 people lost their jobs, is only beginning to be felt here. For the last three or four years, the effect was cushioned by the lucrative severance pay given to those laid off.

According to the 1980-81 census, about 3 percent of Port Talbot families had only one parent; now, at the Sandfields Comprehensive School, where a third of the students have unemployed fathers, 19 percent of the children come from one-parent households.

According to Mr. Sheridan, there has been a corresponding increase in the incidence of alcoholism, mental disturbance and suicide. Jean Keogh, a counselor for the mentally ill, was swamped with telephone calls after a recent five-minute radio broadcast in which she spoke of help available for those suffering from depression.

For Mr. Sheridan and his co-workers, it seems inevitable that a large-scale emigration of the more able unemployed will begin soon, despite the ties of family and culture that bind the Welsh to their home territory. "The community is going to get older and sicker," he said. "We're all afraid that some day we will be left as a dormitory community for clients of the state social security system."

That would be a strange fate indeed for Port Talbot, the heir to a hundred-year-old tradition of metalworking in this part of Wales. Along with four other plants — one in Wales, two in England and one in Scotland — the steelworks here was chosen as the site for vast state investment because it had a deepwater harbor and access to coal.

It was to help prove that Britain could compete in the postwar world, but all that was before the Japanese and the Indians and the South Koreans learned how to do things so much cheaper.

On a Harvard Bridge, a Honeysuckle Memory of Faulkner's South

By Dale Russakoff

Washington Post Service

WASHINGTON — Seventy-five years ago this summer, Quentin Compson III jumped to his death from a bridge near Harvard College. He was only 19, a Southern gentleman struggling to salvage a measure of family honor as the Old South crumbled. Hopelessly out of place at Harvard, he turned to reiving in his mind all the glory, guilt and doom of the southern past.

On June 2, 1910, he surrendered, caught between memories as sweet as honeysuckle and as dark as slavery. Flatiron tied to his feet, he plunged into the Charles River, and was swallowed by the New England night.

Quentin was only a fictional character, a creation of William Faulkner in two epic novels, "The Sound and the Fury" and "Absalom, Absalom!" But his anguish is so personal and haunting that generations of readers have come to regard him as someone real.

I came upon him more than 10 years ago, another Southerner-come-to-Harvard who felt very much an outsider. I was lured for my drawl and my unhurried walk (Walk faster! No wonder you people lost the war), and felt called upon always to explain that the South was hardly a monolith of ignorant bigots.

In Quentin Compson, I found a compatriot for my southern loneliness. Like Quentin, I found that the "iron, New England dark" made me yearn for the gentleness of the South — the friendly folk, the slower pace, the emphasis on people. Once ashamed of the South, I came to accept that in my own way, I was as southern as Quentin.

I met other southerners who had found their ways to Quentin, and we formed a cult of sorts, talking incessantly about Faulkner. We came to look on Quentin as larger than southern: He was the universal outsider; he was youth clutching lost ideals in a changing world; he was anyone who felt the ground slipping beneath his feet. He was one of us.

In 1972, my English instructor named Kevin Starr told my American literature class of a tiny Quentin Compson memorial plaque, discovered years earlier on Harvard's Anderson Bridge at the spot from which Faulkner aficionados believe Quentin jumped. No one knew its origins; it was simply a tribute from an anonymous devotee of Faulkner.

Joined by Walter Isaacson, a friend from New Orleans and a member of the unofficial Quentin cult, I walked immediately after class to the crest of the Anderson Bridge, the Charles River lapping lazily below. I brushed aside a vine to reveal a tarnished brass plaque the size of a calling card:

"Quentin Compson III. June 2, 1910. Drowned in the fading of honeysuckle."

The plaque obviously was meant to be secret, so tiny and so obscured by vines and shadows that I had walked past it countless times without noticing. From then until I graduated, I went to see the plaque almost daily, wondering each time who placed it there. And why?

I learned everything I could about the plaque. It was discovered in the mid-1960s, and students and professors had passed along word of its existence ever since. In a sort of rite of passage, one generation would direct the next to the precise spot on the bridge where it was affixed.

"I remember when we found it that I felt for once part of a certain tradition," my friend Walter recalled. "It was a secret bond among generations of people like us who felt slightly displaced. I realized: Yes, yes, somebody else knows exactly how it feels."

This is the story of what Quentin meant to us. It is a tale of youth, southerners, Harvard, honeysuckle, an extraordinary plaque, and how, through almost mystical coincidence, I learned who placed it there, and why.

Why the fascination with a fictional freshman? Surely part of it was youth. Literature was even more wondrous then, when the imagination roamed unhindered by such grown-up concerns as responsibility and the passing of time. It also was the pathos of Quentin himself, and the prodigious imagination of our fellow southerner, Faulkner.

Quentin was the last, best hope of the Compson clan, a Mississippi family that flourished in the Old South and collapsed tragically along with it. They lost baronial land holdings; their youngest son was born an idiot; a daughter, Caddy, whom Quentin worshiped as an ideal of southern womanhood, became a tramp.

Desperate to restore the family name, Quentin's sibling mother took the proceeds from selling 40 acres of Compson land and sent her son to Harvard. ("Harvard is such a fine sound forty acres is no high price for a fine sound.")

Quentin balked, but soon accepted his fate: "No Compson has ever disappointed a lady."

Quentin lived in mourning for the Old South, knowing all the while that it was built on an evil. He created in his mind an ideal apart from slavery — a world of grace, gentility and pure women — refusing to believe that the taint and the beauty were inseparable. So it was with his sister, Caddy, whom he loved passionately and whose promiscuity focused all of his anguish over the fall of the Old South and his family's lost honor.

JUST after midnight on June 2, 1972, while studying in a Harvard library, I realized the significance of the date — the 62nd anniversary of Quentin's suicide — and at almost the same moment, spied fellow my Quentin-cultist Walter across the room. We decided at once to make a pilgrimage to the plaque with copies of "The Sound and the Fury" and "Absalom, Absalom!," and to read aloud our favorite passages by moonlight.

Walter read from "Absalom, Absalom!" the words of Quentin's Harvard roommate, a Canadian named Shreve, who was struggling to understand the southern obsession with the past:

"What is it? something you live and breathe in like air? a kind of vacuum filled with wraith-like and indomitable anger and pride and glory and in happenings that occurred and ceased fifty years ago? a kind of entailed birthright father and son and father and son of never forgiving General Sherman, so that forevermore as long as your children's children produce children you won't be anything but a descendant of a long line of colonels killed in Pickett's charge at Manassas?"

"Gettysburg," Quentin said. "You can't understand it. You would have to be born there."

And I, reading a speech by the Compson patriarch, as he gave Quentin his grandfather's watch in "The Sound and the Fury":

"I give you the memento of all hope and desire. . . I give it to you not that you may remember time, but that you might forget it now and then for a moment and not spend all your breath trying to conquer it. Because no battle is ever won he said. They are not even fought. The field only reveals to man his own folly and despair, and victory is an illusion of philosophers and fools."

We lost track of time as we continued reading, and felt that we had crossed a border between fiction and reality — as if we, too, had become characters of Faulkner. Feeling compelled to share the moment with Starr, we went to his apartment. He was out, so we slipped this note under his door:

Dear Professor Starr,

We spent the evening on Anderson Bridge, reverently observing the 62nd anniversary of Quentin Compson's final resignation to chaos. It was a truly religious experience. We missed you.

Signed,

D. and W., 2 Southerners fighting off the sweet odor of honeysuckle.

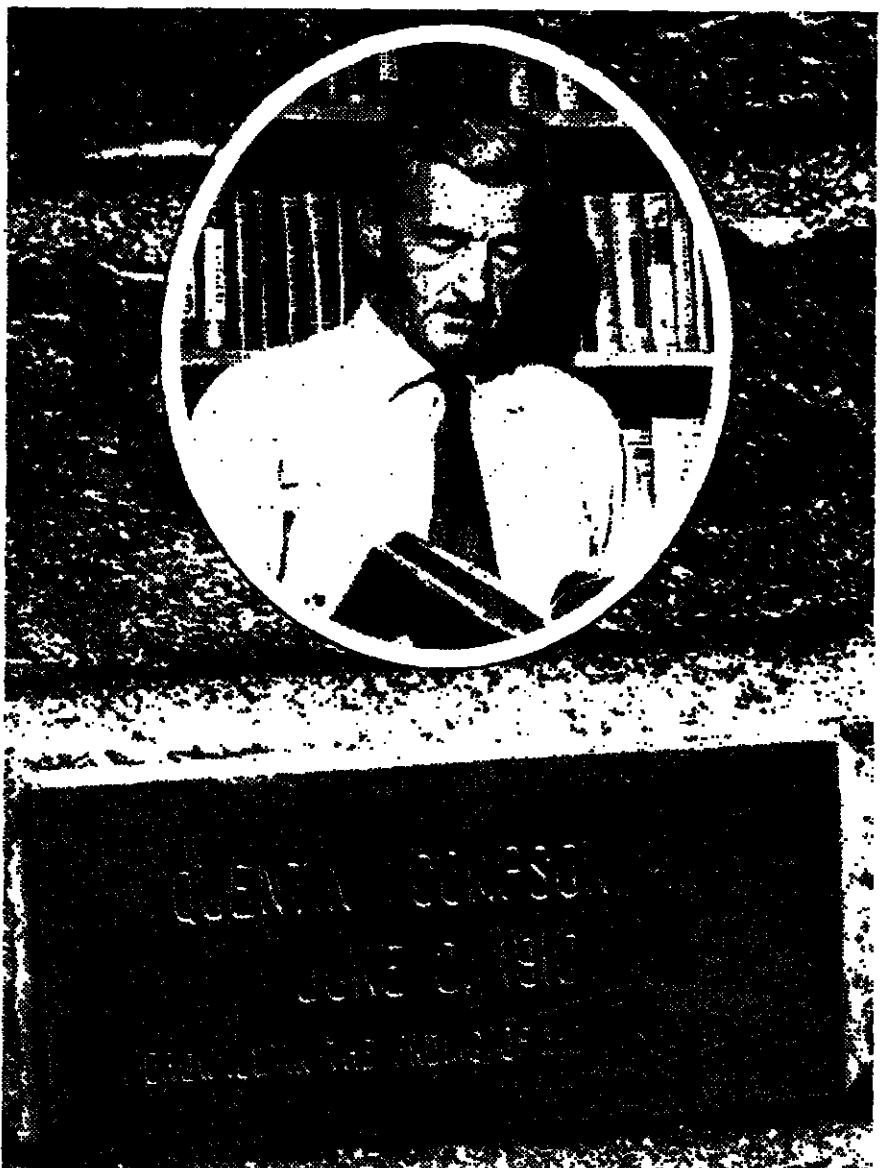
The plaque was much more than a touchstone for Southern expatriates. It was a pean to great literature, inspiring students and professors who never had crossed the Mason-Dixon Line. Unbeknownst to Walter and me, a midwestern Harvard undergraduate named Joseph Blatt had had a mystical encounter of his own, two years before ours.

A history and literature major, he had known only vaguely of the plaque although he had immersed himself in Faulkner. His senior year, he cut short his Christmas vacation to return to Cambridge to wrestle with a seminar paper on the unifying power of Faulkner's imagery. The heat in his Harvard dorm had not yet been turned back on, and as he wrote and thought in the New England cold, his breath vaporized — much as Quentin's had in "Absalom, Absalom!"

"I was focusing on honeysuckle in 'Sound and the Fury,' and blood in 'Go Down, Moses' and 'Absalom, Absalom!,' and I was struggling intensely because the images so inspired me," Joseph Blatt recalled recently. "What makes great literature is not plot or character or narrative, but images, which operate at a much more profound level. That's what was at work here, and what I was trying to get at."

"Finally, I decided to go for a walk, and I went all over Cambridge mulling this paper. It was the middle of the night, and as I crossed the Anderson Bridge, I saw moonlight reflecting from a point on the bridge in a way I'd never seen before. I went up to investigate, and there it was: Drowned in the fading of honeysuckle."

"I was grappling with those seemingly pro-



The original plaque on Harvard's Anderson Bridge. Inset, William Faulkner.

found personal questions that so often come up when one works on something that matters a lot. Such as: Who am I to try to say anything about this wonderful thing? I guess you could call it classic undergraduate insecurity, but it's something that happens even now when I'm working

on the plaque and my feeling for it. The story delighted my mother, who loves to talk about her children, and in her rounds of Birmingham over the next few weeks, she retold my Faulkner escapade dozens of times. One day, she told it to her friend Stanley Stefancic, then

I walked after class to the Anderson Bridge, the Charles River lapping lazily below. I brushed aside a vine to reveal a tarnished brass plaque the size of a calling card:

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on a project I care about. It's a hump you have to get over if you want to produce something you think is worth showing to the world. That night, I was seeing the plaque that got me over the hump."

THE Quentin plaque became something of a rage at Harvard soon after Walter and I made our pilgrimage in June 1972. That summer, Harvard Magazine published an article titled "Where, Why, Whence the Plaque?" soliciting clues leading to its maker. The magazine received numerous tips, but none led anywhere.

Fascinated by the mystery, I wrote my parents in Birmingham, Alabama, to tell them the

minister of the Unitarian Church, in whom she expected a ready audience because he had attended Harvard Divinity School. As she told the story, my mother recalled, Stefancic's eyes widened with wonder. He was silent for several moments, and then said slowly:

"Irene, I put that plaque there."

Stefancic explained that he never wanted to be discovered. But because of this uncanny coincidence, and because I was a southerner who loved Faulkner, he agreed at my mother's urging to tell me the plaque's history. I soon received from him a brief account of how he, his wife Jean, and a friend, Tom Sugimoto, came to love Faulkner while at Harvard in the mid-1960s.

Like me, they devoured the novels and short

stories, fixating on Quentin, Sugimoto, a Japanese-American graduate student in physics, and the Stefancics, midwesterners schooled in the Deep South, identified with Quentin's sense of displacement at Harvard. They also were captivated and saddened by his tragic idealism.

Stefancic shared only the most basic details. The plaque was affixed with epoxy glue on June 2, 1965, "a humid, foggy, rainy Cambridge evening," the 55th anniversary of Quentin's suicide. In a private ceremony at which only the Stefancics and Sugimoto were present, the words on the plaque, he wrote, "were not the words of Faulkner but were rather an allusion to the circumstances (the fading of honeysuckle) which caused Quentin to take his life."

The Stefancics and Sugimoto "once had hoped that only those who loved 'The Sound and the Fury' might discover it and appreciate its significance," Stefancic wrote, expressing disappointment that the private tribute had become so public.

As it turned out, Harvard Magazine's inquiry produced one tip pointing to Sugimoto, who then was working in Germany. The editors sent him a cable, asking for confirmation, but he did not respond. Several times over the last 13 years, the magazine called back Sugimoto, now an engineer with Hughes Aircraft in California, to ask again, but each time he demurred. "Mystery is more appealing than facts," he was quoted as saying.

Almost every year since then, my thoughts have drifted on June 2 to Quentin, Faulkner and the deep mysteries of the South. Sometimes the thoughts are only fleeting, but this year, the 75th anniversary of Quentin's suicide, I was seized with a desire to reopen the story of the plaque, to seek out Sugimoto and numerous other of Quentin's compatriots.

I called Stefancic, now a minister in San Francisco, with whom I had not communicated in 13 years, to find him still plumbing the Compson saga for truths. He said he gives his first sermon of every new year on the meaning of time, and this year opened it with the passage from "The Sound and the Fury" that I had read at the Anderson Bridge 13 years ago — the one describing Quentin's grandfather's watch as "the memento of all hope and desire."

"I said in my sermon, Stefancic said, 'that chronological time, or the Greek concept chronos, signifies nothing, while kairos, or time called the station saying he knew the entire history of the plaque, and vowing that "steps would be taken" to replace it. Several weeks later, a new plaque appeared in precisely the spot of the original, affixed in the same fashion — anonymously in the New England dark."

I recently traveled to Cambridge, eager to retrace my familiar walk to the Anderson Bridge and to see the new plaque. This I did, but once there, I found a disappointing replica. It was, to be sure, in the same spot. But the wording was slightly different: Quentin Compson. Drowned in the odor of honeysuckle. 1891-1910.

As any Quentin devotee should know, there is no "odor of honeysuckle" in Cambridge. Quentin, in fact, lamented its absence, observing on one Cambridge night "the odor of summer and darkness except honeysuckle. Honeysuckle was the saddest odor of all I think." Also gone was the notion of *fading*, of something being lost, slowly and irreversibly, which was at the heart of the Compson saga.

Perhaps this is what Quentin was trying to tell us. There are moments in time that we hope never will pass. And yet time changes everything, leaving us with memories and a sense of loss in place of the moments themselves. It is hard to believe at the time of a loss that there will be another such moment. But that is what leaving the South, leaving home, growing older are all about.

As with the fading of honeysuckle, there is also a fading of Faulkner. Sugimoto today counts Nabokov as his favorite writer, and my old friend Walter, now a senior editor at Time magazine, has also moved on. He still keeps on his bookshelf the copy of "Absalom, Absalom!" that we took to the bridge many years ago, but he no longer finds himself wrestling with the meaning of being southern or other themes of Quentin's life.

"The whole thing about the plaque — making about it, revering it — was part of those super-magic, bull-session emotions that, when you grow up, you no longer immerse yourself in," I said. "That's one of the wonderful things about college: you're allowed to have moments like that. And then you grow up and you think: Oh, that was a little silly, wasn't it?"

Or was it? I too have drifted from Faulkner for years at a time. But my return to him has been persuasive: that nothing pure ever leaves entirely. It was a privilege to discover him as college student with time to stay up all night reading on a bridge in the moonlight. But it is a singular gift to reopen his books now, and find lingering there the sweet-sad scent of honeysuckle.

Leif Ericsson landed on this spot and called it Vinland." Some years later, a worker found it, and it sounded official, and so it was cemented into place and made into a public monument.

"I thought that if I did that for Quentin, maybe one day someone would find it and mount it permanently."

"Quentin was like everybody: They want permanence," Sugimoto said. "They want constancy. And there's a part of them that likes to hurt. Quentin did that very well. He was afraid that time erased all memory and pain and the intensity of any feeling. And he was afraid of losing that intense love and need of Caddy. And therefore he killed himself so that he would stop time. That appeals to me. I liked the idea. It was almost a heroic attempt — to stem the tide of time. It's idealistic. You want to keep something beautiful, something that you cherish. And yet you know in your heart of hearts that it will not last. Even though it won't last, you'll survive it or you'll endure."

SUGIMOTO paused for a moment, apparently weighing whether to go on. "You know, I'm rather disappointed that I've said all this," he said. "The Harvard Magazine has been looking for many years for the person who put up the plaque, and I've never acknowledged it. I think it means a lot more when people say it was some love-crazed Radcliffe girl or some professor who lost his job. That's why I like the idea of it not having been put up by an ordinary person who was an engineering student; it takes all the charm out of it."

I would have felt bound by Faulknerian honor to carry this secret to the grave were it not for my recent discovery that the plaque as I knew it no longer exists.

It disappeared in the spring of 1983, when Cambridge city construction crews knocked it off while refurbishing the Anderson Bridge. Joseph Blatt, who in 1983 still walked by the plaque daily on his way to work as a Boston television producer, noticed its absence immediately. He called city and construction company officials in hopes of locating it, with no success.

At the time, Blatt persuaded colleagues at Boston's public television station, WGBH, to feature the missing plaque on the nightly news of June 2, 1983, the 73d anniversary of Quentin's suicide. Within 24 hours, he said, a viewer called the station saying he knew the entire history of the plaque, and vowing that "steps would be taken" to replace it. Several weeks later, a new plaque appeared in precisely the spot of the original, affixed in the same fashion — anonymously in the New England dark."

I recently traveled to Cambridge, eager to retrace my familiar walk to the Anderson Bridge and to see the new plaque. This I did, but once there, I found a disappointing replica. It was, to be sure, in the same spot. But the wording was slightly different: Quentin Compson. Drowned in the odor of honeysuckle. 1891-1910.

As any Quentin devotee should know, there is no "odor of honeysuckle" in Cambridge. Quentin, in fact, lamented its absence, observing on one Cambridge night "the odor of summer and darkness except honeysuckle. Honeysuckle was the saddest odor of all I think." Also gone was the notion of *fading*, of something being lost, slowly and irreversibly, which was at the heart of the Compson saga.

Perhaps this is what Quentin was trying to tell us. There are moments in time that we hope never will pass. And yet time changes everything, leaving us with memories and a sense of loss in place of the moments themselves. It is hard to believe at the time of a loss that there will be another such moment. But that is what leaving the South, leaving home, growing older are all about.

As with the fading of honeysuckle, there is also a fading of Faulkner. Sugimoto today counts Nabokov as his favorite writer, and my old friend Walter, now a senior editor at Time magazine, has also moved on. He still keeps on his bookshelf the copy of "Absalom, Absalom!" that we took to the bridge many years ago, but he no longer finds himself wrestling with the meaning of being southern or other themes of Quentin's life.

"The whole thing about the plaque — making about it, revering it — was part of those super-magic, bull-session emotions that, when you grow up, you no longer immerse yourself in," I said. "That's one of the wonderful things about college: you're allowed to have moments like that. And then you grow up and you think: Oh, that was a little silly, wasn't it?"

Or was it? I too have drifted from Faulkner for years at a time. But my return to him has been persuasive: that nothing pure ever leaves entirely. It was a privilege to discover him as college student with time to stay up all night reading on a bridge in the moonlight. But it is a singular gift to reopen his books now, and find lingering there the sweet-sad scent of honeysuckle.

ARTS / LEISURE

Life Is a Cabaret, Old Chum, on London Stage This Summer

By Sheridan Morley
International Herald Tribune

LONDON — Life, as Sally Bowles used to observe to Christopher Isherwood with monotonous regularity, is a cabaret. Old chum, and London this summer is full of it. Alternative Royal Shakespeare Company and foreign-theater festivals may be attracting more critical attention elsewhere this week, but there can be little doubt that there's more high-class cabaret around the

whitest impression of Paul Robeson I have ever seen. But even in this summer of vintage and classic musicals all over town, there is no musical moment more hauntingly evocative than the one when Welch comes out of the Warehouse darkness to find her spotlight for "Smoke Gets in Your Eyes." Now in her middle 70s, and a survivor of the "Broadway Blackbirds" of 1928, Welch is the last of the great cabaret stars from the 1930s still to be making a living at it, and her appearance at The Warehouse should be a cause for celebration and lines and standing ovations for anyone who cares even remotely about the prewar greatness of the American musical theater.

BRITISH THEATRE

West End this August than at any time since they closed the Café de Paris and the nightingales stopped singing in Berkeley Square.

Consider The Warehouse in Covent Garden: over the past few weeks there, a guest management run by David Kernan and Peter Wilson have brought us a loving tribute to Ethel Merman by Libby Morris and an eccentric tribute to June Havoc by June Havoc. In the early part of the Warehouse evening at present can be found the jewel in their crown, "Jerome Kern Goes to Hollywood," for which Kernan, alongside Liz Robertson, Elaine Delmar and Elisabeth Welch belt through a two-hour sing-along of 40 Kern standards from "The Song Is You" and "I Won't Dance" all the way across the years to "Look for the Silver Lining" and "Make Way for Tomorrow."

Dick Vosburgh, still the best writer of songbook narratives in the business, has cobbled together a minimal linking script in the course of which Kernan does the

Later every night on that same Warehouse stage, Marian Montgomery and Jane Carr and Gaye Brown are to be found in "Friends of Dorothy," an ambitious attempt to unite and celebrate the very different talents of Dorothy Parker and Dorothy Fields, presumably on the theory that both shared the same Christian name and lived through roughly the same Algonquin years. It might in fact have made more sense to link Fields with Kern, since they at least wrote five film scores together: the problem with Parker and Fields is essentially how very little they had in common.

Parker was an acid satirist still famous for her short stories, cracks like "Men never make passes at girls who wear glasses" and a review of Katharine Hepburn performance "running the gamut of emotion from A to B." Fields was an agile Broad-

way lyricist who wrote the book for "Annie Get Your Gun" (an achievement oddly ignored here) as well as a dozen classic nightclub numbers with Jimmy McHugh from "I Can't Give You Anything but Love" all the way to "On the Sunny Side of the Street."

But as those titles might suggest, Fields was an altogether more upbeat and up-tempo lady than Parker, and her songs therefore sometimes lie oddly alongside the more cynical Parker sketches that have in any case dated horrendously in the half-century since they first reached The New Yorker. Only at the very end of her long songwriting career, with the Cy Coleman collaborations on "Sweet Charity" and "Sesame," did Fields's songs begin to suggest that life might be rather less than wonderful, and by that time Parker was already long dead.

Rising above that central problem, Jane Carr and Gaye Brown form themselves into a double-act strongly reminiscent of a female Laurel and Hardy, while the more elegantly languid Marian Montgomery takes care of the torch singing. Ian Judge's agile production gives us at least one totally unknown number from "Sweet Charity" (out on the pre-Broadway tour, presumably, and wrongly) but "Friends of Dorothy" could still do with some of the editorial expertise that Vosburgh has clearly brought to the Kern.

Over at the Ritz Hotel meanwhile, Steve Ross is back for his second successive sum-

mer at the restaurant piano: the greatest American performer-archivist of lost show songs is still doing a lot of Coward and Porter and Kern, but in there somewhere are some even rarer and more exotic gems. It's not often, for instance, that you get to hear a song by Anthony Burgess composed 20 years ago for a Broadway musical of "Cyrano de Bergerac," nor yet the "Wild Wild Weather" that was Coward's last and most heartbreaking love song. Both are in the Ross repertoire, amid many other treasures.

Away from the piano, the best news of the week is the Bush Theatre production by Simon Stoke of "California Dog Fight," a brief but immensely powerful new American drama by Mark Lee. Set in the dust-bowl of the Sacramento delta, this is an 80-minute account of the meeting between two rival teams at an illegal dog duel. On the one hand we have Vern, a lovable ranch-boss widower (John Shrapnell) struggling to find some sort of beauty and meaning even in surroundings as demeaning as these. Helping him are a Butch Stud (Daniel Webb) and his upmarket collegiate girlfriend (Lizzy McNerny), while ranged against them are the wonderfully evil Rawley (Stuart Wilson), his Nevada casino-girlfriend (Deborah Norton) and a gun-toting aide (Jimmy Chisholm) who is as near to mentally defective as makes no difference. We don't get to see the actual bloodbath, but we do get to learn a lot about its trainers and participants: "California Dog

Fight" is the kind of tale that Damon Runyon might have written had he gone West and turned a lot nastier. It is shot through with a weary cynicism about man's inhumanity to man and beast alike, but in there too is a lyrical kind of nostalgia for a better West.

Not for the first time, Stoke has pulled together on minimal Bush resources, one of the strongest ensemble casts in town, and the result is a powerhouse of memorable performances. If you can imagine "Oklahoma" rewritten by the rotten and rotting Jud, you'll have some idea of what is at stake here beyond the \$1,500 riding on the dogs. "This" as Norton memorably notes, "is God's crockpot and we're what's cooking." "California Dog Fight" is an acidly funny and unmissable account of the American success-dream becoming a nightmare, and to the old observation that there are no second acts in American lives, one might just add that there are no longer many in its theaters either.

8 Stolen Artworks Found in Box

SAN FRANCISCO — Eight artworks valued at around \$500,000, including two ink drawings by Pablo Picasso, were found in a box at a shopping center after they were reported missing from the Museum of Modern Art, police said Tuesday. Police were tipped off by an anonymous telephone call Monday.



Rostal on musical prodigy: "I never resisted."

Max Rostal: A Full Life As a Master Violinist

By Andrew Clark

BERN — Max Rostal first played the violin at the age of 5. At 10, a musical prodigy, he was entertaining the Austrian aristocracy. When he was 15, his mother took him to Berlin to study under the famous violinist Carl Flesch, and before the age of 20, Rostal was concertmaster of a professional symphony orchestra and touring the world as a soloist.

"I never resisted the forces that made me a musical prodigy," he said. "In those days you shut your mouth and did what was asked of you. I knew I had a privileged position, but I was not entirely enthusiastic about it because my colleagues were quite jealous and often used to beat me up."

Today Max Rostal, who will be 80 Aug. 7, takes pride in a different reputation: that of Europe's best-known violin teacher. Over the past 50 years thousands of aspiring string players have passed through his classes. Leon Spitzer, concertmaster of the Berlin Philharmonic, Ulf Hoelscher and Uto Ughi, both well-known concert violinists, Thomas Fritzi, leader of the Camerata Bern, all studied intensively with Rostal. Perhaps his best-known pupils are the three Austrian-born members of the Amadeus Quartet, whose release he secured from British internment in London at the start of World War II and who were to develop under his tutelage into world-class string players.

After three years as assistant to Flesch, whom he describes as "the father of modern violin playing," Rostal became a professor of violin at Berlin in the early 1930s, moving after the Nazis came to power to London's Guildhall School of Music and Drama. Rostal now has British and Swiss nationality, having settled in the Swiss capital in 1958 mainly for health reasons. Last month he gave his final master-class at the Bern Conservatory, and gave up all formal teaching commitments to devote himself to writing an autobiography and completing an advanced guide for students and teachers, "The Art of Violin Playing."

A short, dapper man who takes a swim at his holiday home overlooking Lake Thun most days in summer, Rostal does not look his 80 years. His white beard gives him the air of a guru, and in measured, slightly accented English, he speaks with a casual suggestion of experience and relish for life.

He regards his teaching methods as an evolution of the approach adopted by Carl Flesch. The only fundamental difference is in his personal style. Rostal describes Flesch as a dictator, not a father

figure with whom students could discuss easily. "Some couldn't stand him for that."

Rostal explains his approach to individual teaching as a two-stage development: "At first the student does exactly what I ask in terms of technique and musical ideas. When he has reached a kind of maturity, the reins are slightly loosened and one helps him to develop individual personality while still keeping his overall development under check, dividing the good from the bad in whatever new things he tries."

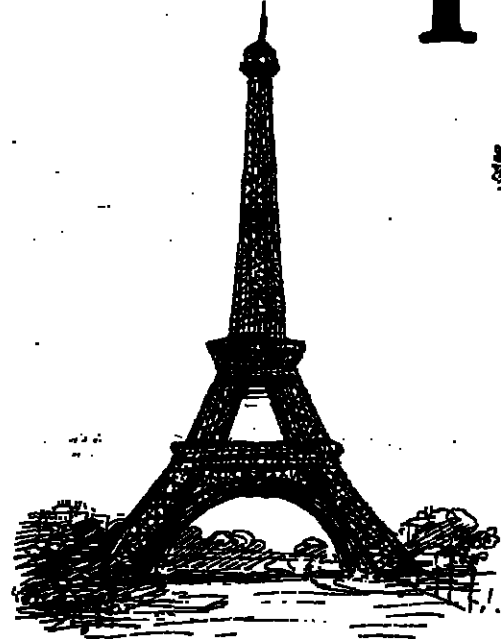
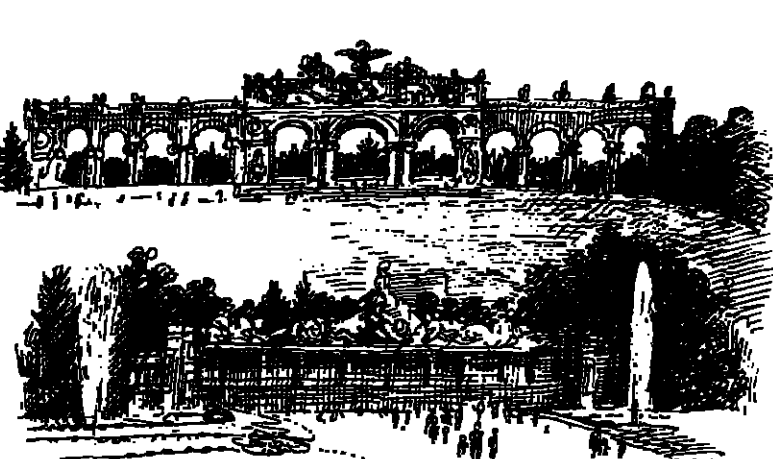
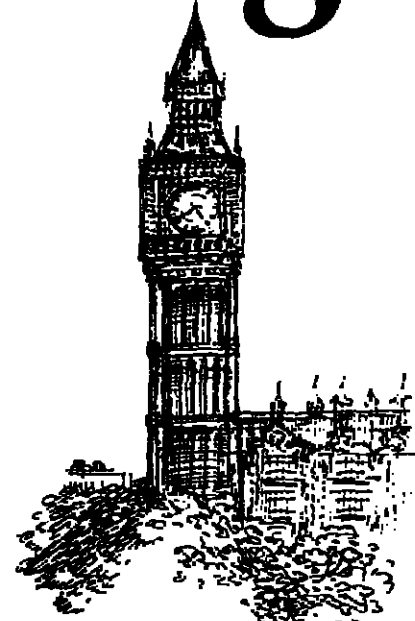
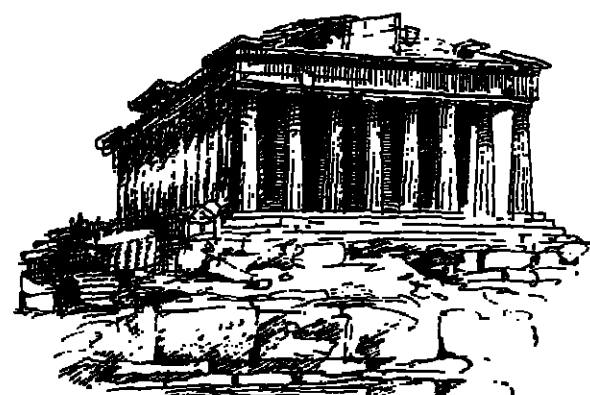
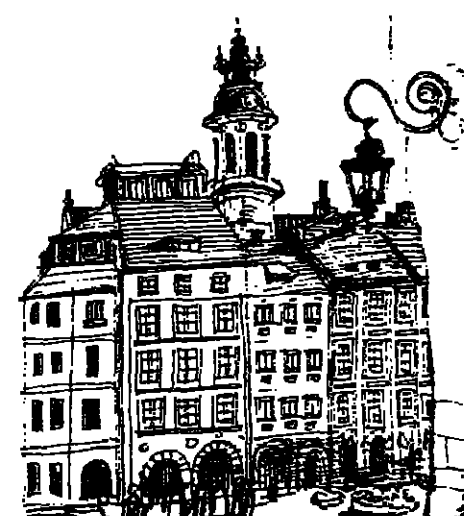
Rostal adjudicates at international violin competitions, and noted the increasing influx of Asians into Western musical circles and the abiding traces of national schools in the international world of music. "The Japanese are so wonderful at copying, and the technical standard is astounding," he said, "but sometimes their playing is lacking in personality. There are exceptions, of course, but on the whole the Koreans have more personality. Then in the United States, you find a tremendous affinity with the Russian school — indeed you can speak of a Russian school in America, because most of the great American violinists are of Russian origin." Jascha Heifetz, Isaac Stern and Nathan Milstein, all of whom have had a major influence on new generations of American violinists, were all born in Russia.

"That style is characterized by the highest degree of technical perfection," Rostal said, "but in some cases it is lacking in what I would call European culture — the understanding of the great German and Austrian composers, Bach, Beethoven, Brahms, Schubert and Mozart. The understanding of these composers is not so near to their heart as to be a natural inheritance. Non-Europeans can sometimes get it — but it is not quite natural to them. So styles of playing have been internationalized only up to a point. And of course each interpreter must be capable of feeling the music of different countries. In that respect we are actors, trying to play Spanish music in a Spanish way, Bartok in a Hungarian way."

He is optimistic for the state of the art. "We don't know exactly how Paganini and Sarasate played," he said, referring to two great 19th-century masters, "but I doubt if the overall standard in violin playing was as high as today. For me it has been an absorbing activity, combining the best of work and hobby. If you asked me what I'd do if I had my life over again, I'd say exactly the same."

Andrew Clark is a journalist and music critic based in Switzerland.

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AMEX volume	P.12	Foreign exchange	P.10
NYSE prices	P.8	Gold markets	P.9
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WEDNESDAY, JULY 31, 1985

INTERNATIONAL MANAGER

How to Eliminate the Loser
In Corporate Negotiations

By SHERRY BUCHANAN

International Herald Tribune

LONDON — You don't have to be a bully to get what you want from a boss, an employee or a client. According to some negotiating experts, the name of the game is not to kill first to avoid being killed. On the contrary, a successful negotiation results in a "win-win" situation. Each side ends up gaining something.

"Corporations are killing each other in there," said Gerald I. Nierenberg, one of the early developers of negotiation training and the author of several best-selling U.S. books on the subject. "In a successful negotiation, everybody wins." Since 1960, Mr. Nierenberg has trained 135,000 managers to develop negotiating skills. He said managers involved in negotiations with a boss or with a client usually fail on two counts: They are not prepared, and they don't evaluate properly what the other person is thinking. "Be prepared in depth, read the other's mind and evaluate the emotional climate," he said.

But the message is difficult to get through to many executives who believe that being aggressive and tough is what will get them what they want. "The old idea was the harder I hit you over the head, the more I'll get," said Chris James, in charge of management development at Touche Ross & Co., the British accounting firm. "You never thought, for instance, that once the person's head was broken, the whole deal was lost."

As a result, those in negotiation training often have to reassure some overly aggressive executives that by listening to the other side they won't turn into wimps.

"What managers have to learn is a more interactive approach," said Peter Fleming, previously a sales manager with a British company who now trains managers in negotiating skills at the British Institute of Management, International Computers Ltd., and BMW GB Ltd. "But then the guy thinks you're asking him to be soft. That's the biggest problem."

There is recognition that overkill can be detrimental to the executive's own and the company's interests. Some U.S. companies send their overly aggressive managers to assertiveness training courses to be debriefed. Malcolm E. Shaw, who has trained managers for 15 years at the American Management Association in New York, coaches overly aggressive executives to distinguish between being aggressive and being assertive.

AGGRESSIVE behavior is hostile, injurious or destructive behavior. Being assertive is getting your case across in a positive way without being abusive.

Other companies recognize that, even within their own ranks, managers have to learn to negotiate with each other rather than wage territorial warfare. "That's what we are after, maximizing the win-win situation," said Roy Williams, head of management training and development at Imperial Tobacco Ltd.

Among its management development courses, the diversified British group has recently set up training in negotiating skills for its sales, distribution and production departments. The departments had been at loggerheads instead of negotiating a solution for better quality customer service. "You need negotiating skills to work out conflict," Mr. Williams said.

There are a proliferation of experts in negotiation training in the United States, England and Scandinavia. In England, there are 17 institutions — without counting the individual consultants and training experts — that provide courses in negotiating skills such as the British Institute of Management, the Institute of Chartered Accountants and the Industrial Society, a training and advisory service for industry.

Courses in negotiating skills are not as prevalent in France, West Germany or Italy, where many companies believe that negotiation is not something that can be taught but a talent that you are born with. Training in negotiating skills is available at the

(Continued on Page 11, Col. 2)

Currency Rates

Cross Rates	July 30
American dollar	1.937
British pound	2.252
French franc	6.545
German mark	2.363
Italian lira	203.6
Japanese yen	163.6
Netherlands guilder	3.603
Swiss franc	2.036
Spanish peseta	166.6
U.S. dollar	1.937

Other Dollar Values	July 30
Australian dollar	1.296
Belgian franc	33.333
Canadian dollar	0.714
Danish krone	6.46
Deutsche mark	2.363
Dracma	200
Escudo	200
Florin	200
Frank	200
Guinea	200
Irish pound	7.875
Italian lira	203.6
Japanese yen	163.6
Netherlands guilder	3.603
Swiss franc	2.036
Spanish peseta	166.6
U.S. dollar	1.937

Interest Rates

Eurocurrency Deposits	July 30
1 month	7 1/8%
3 months	7 1/4%
6 months	7 1/4%
1 year	7 1/4%

Sources: Market Quotations (London, DM, SF, Pound, FF); Lloyds Bank (ECU); Reuters (SFR). Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates July 30	July 30
United States	Close
Discount Rate	7 1/8%
Federal Funds	7 1/8%
Prime Rate	9 1/8%
Broker Loan Rate	9 1/8%
One Month Treasury Bill	7 1/8%
Three Month Treasury Bill	7 1/8%
Six Month Treasury Bill	7 1/8%
One Year Treasury Bill	7 1/8%

Asian Dollar Deposits	July 30
1 month	7 1/8%
3 months	7 1/4%
6 months	7 1/4%
1 year	7 1/4%

U.S. Money Market Funds	July 30
Merrill Lynch Money Assets	4.80
30 day average yield	4.75
Telocator Interest Rate Index	7.42

Gold	July 30
Spot Gold	322.25
Gold Futures	322.25
Gold Options	322.25

Japan	July 30
Discount Rate	5 1/2%
Call Money	5 1/2%
One Month Treasury Bill	5 1/2%
Three Month Treasury Bill	5 1/2%
Six Month Treasury Bill	5 1/2%
One Year Treasury Bill	5 1/2%

Sources: Reuters, Commercial Bank, Credit Lyonnais, Lloyds Bank, Bank of Tokyo.

U.K. Stake
In Britoil
Is Priced

Sale Will Raise
\$638 Million

By Bob Hagerty

International Herald Tribune

LONDON — The government announced on Tuesday (final) plans to sell its remaining Britoil PLC shares at a price many analysts regard as cheap but at a time when few investors want to bet heavily on firm oil prices.

The government said it is selling 242.6 million Britoil ordinary shares, or 49 percent of those outstanding, for £449 million (\$638 million), or 183 pence a share.

On the London Stock Exchange, shares in the oil exploration and production company closed at 200 pence, down 5 pence from Monday.

But several oil analysts said that, barring major jolts to the oil market in the next week, they expect the offer to attract fairly strong demand. Some said Tuesday's price decline reflected selling by investors who intend to buy shares at the lower offer price.

"You have to be fairly pessimistic about oil prices not to find it attractive," said Michael Unsworth, chief oil analyst at the London stockbrokerage of Scott, Goff, Layton & Co. Compared to similar U.S. companies, he said, Britoil is a "staggering value."

Peter Beck, of Phillips & Drew, predicted that investor response would be "not overly enthusiastic, but enthusiastic enough."

The offer price is well below the 215 pence at which the government sold 51 percent of Britoil to private investors in November 1982.

That sale, coinciding with a drop in oil prices, was a monumental flop. Demand for the shares was slight, and underwriters of the issue were left with huge losses when the share price plummeted as soon as trading began.

Merchant bankers organizing the latest sale said Tuesday they were confident it would not be another disaster. For one thing, oil prices have climbed moderately in recent weeks, in part because of maintenance work that has reduced output from the North Sea, where nearly all of Britoil's production is located.

In addition, analysts say the offering price compares favorably with other oil shares. Based on Britoil's dividend projection for 1985, the shares are being offered at a gross dividend yield of 10 percent, compared with an average of 7.6 percent for oil companies listed on the London exchange.

As a further inducement, the government is requiring investors to pay only 100 pence per share

(Continued on Page 13, Col. 1)

U.S. Megabuilders Are Scaling Down

Smaller Market
Means Building
Bridges, Dams

By Thomas C. Hayes

New York Times Service

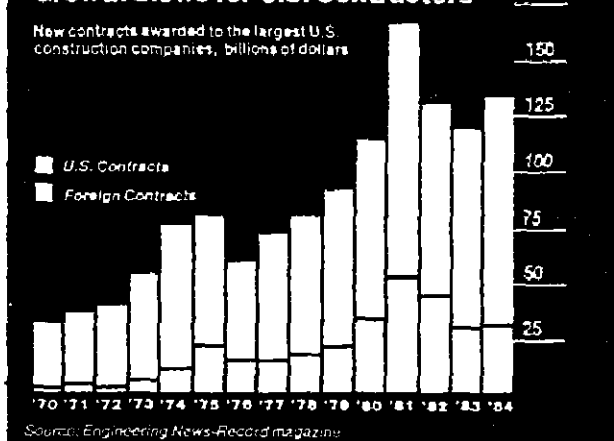
LOS ANGELES — A few miles from its futuristic headquarters in Irvine, California, Fluor Corp. is building an \$18-million sewage treatment plant for a planned community near Mission Viejo.

About an hour's drive from its headquarters in San Francisco, Bechtel Group is constructing the \$75-million Sacramento County Jail.

Fluor, Bechtel and other giants of construction — Parsons and Morrison-Knudsen, for example — were nothing less than 20th-century pyramid-builders just a few years ago. They would barely consider projects with price tags below a billion dollars. Marshaling armies of men and machines, they erected refineries, petrochemical plants and huge nuclear power facilities in the United States. Overseas, they built entire industrial cities and vast copper mines.

But plummeting oil prices, staggering Third World debt and fierce foreign competition arising from the strong dollar have all but collapsed the market for such megaprojects — and with it, the revenues and profits of several of the once-proud master-builders. To survive, they have been accepting humbler tasks.

Growth Slows for U.S. Contractors



Source: Engineering News-Record magazine. The New York Times

"We're taking on project management assignments we would have never dreamed of," said David S. Tappan Jr., Fluor's chairman and chief executive.

The megabuilders' drive to grab business of practically any size has made their domestic market highly competitive. And to keep their bids as low as possible, the big companies are trying to cut costs by reorganizing, laying off employees and hiring more nonunion workers.

The trend to smaller projects has caused culture shock among many managers. "It takes a certain amount of conditioning, a certain amount of pain before it gets accepted," Mr. Tappan said. "It has to be sold to the organization."

Analysts say that even more

internal pain is in store for the megabuilders. They insist they will have to decentralize and improve productivity even further if they are to win contracts away from midsize domestic competitors and increasingly aggressive foreign rivals.

Even with the megaprojects gone, there is a substantial market to fight over. Despite the troubles of the main players, engineering and construction ranks as the biggest industry in the United States. Last year, it accounted for 8.5 percent of the nation's gross national product, the Commerce Department reports. And it is still growing: Defense plants, office towers, homes and other construction

(Continued on Page 13, Col. 1)

Latin Nations Seek Flexibility on Debt

United Press International

LIMA — Sixteen Latin American nations have demanded more flexible terms for repaying their creditors and described the region's \$360-billion foreign debt as a threat to democracy.

In a document called "The Declaration of Lima," released Monday, the countries backed protectionist trade policies of industrialized nations for the region's worsening economic crisis.

Protectionism, along with the decline in value of Latin American exports and the "unsupportable weight of foreign debt service," the document said, are factors that "severely affect social sectors and compromise the stability of democracy in the region."

It also called on Latin America's creditors to "adopt flexible and realistic criteria for treating the problem."

The document reiterated a position taken in earlier meetings of the debt nations, but fell short of backing Peru's decision to limit payments to 10 percent of that nation's exports earnings.

The representatives of the 16 countries, including six presidents,

were in Lima to attend the inauguration Sunday of President Alan Garcia Perez.

Mr. Garcia announced that he would allot no more than 10 percent of Peru's exports earnings, or \$300 million, to pay the debt during the next 12 months.

He said he would hold future debt negotiations directly with creditor banks, sidestepping the International Monetary Fund, whose austerity measures would only plunge Peru further into recession.

Peru's debt payments falling due this year total \$3.7 billion. The country already is \$475 million in arrears on its \$14-billion debt, and paid only \$150 million to banks in the first six months of the year.

The document was signed by the presidents of Argentina, Colombia, Bolivia, Panama, Peru, the Dominican Republic and Uruguay, and by delegates of Costa Rica, Cuba, Ecuador, Haiti, Mexico, Nicaragua, Venezuela, Honduras and Guatemala.

■ **Conference Is Planned**
Latin America's 11 biggest debtors, linked as the Cartagena group, have announced a new ministerial conference to lay the groundwork by September for greater dialogue

on economic issues with the European Community. Reuters reported Monday from Lima.

The group's foreign ministers said the decision was made Monday because initial contacts showed that the EC had a constructive approach to the concerns of the Latin American nations.

The Cartagena group, which holds about 90 percent of the region's foreign debt, wants Western nations to ease repayment terms, lower tariffs and roll back other protectionist measures.

■ **Peru Closes Banks**
Peru's new government Tuesday ordered commercial banks closed for two days as part of a new economic program that could include exchange controls or a devaluation of the national currency, United Press International reported from Lima.

The measure appeared designed to prevent a run on the banks by Peruvians who might try to withdraw dollar deposits.

Mr. Garcia, in his inauguration speech, announced that he would prohibit transactions in dollars, which many Peruvians use instead of the national currency, the sol, because of its rapid devaluation.

Deficit in Trade
Widens in U.S.
To Near Record

The Associated Press

WASHINGTON — The U.S. merchandise trade deficit, swollen by a jump in petroleum imports and a record monthly imbalance with Japan, widened to \$13.4 billion in June, the second highest on record, the government reported Tuesday.

The Commerce Department said that the merchandise trade deficit — the difference between exports and imports — rose from \$12.7 billion in May. In June 1984, the deficit was \$8.76 billion.

The Commerce Department said most of the imbalance stemmed from an 8.1-percent jump in oil imports and foreign goods such as Japanese cars, which swamped a slight gain in exports.

The largest single trade deficit incurred by the U.S. in June — \$4.57 billion — was with Japan. It was the highest monthly imbalance between the two nations on record.

The U.S. trade deficit for the first six months of the year now totals \$70.7 billion. Commerce Secretary Malcolm Baldrige has predicted that for all of 1985 the deficit will reach \$140 billion to \$150 billion, far above last year's record of \$123.3 billion.

The country's trading problems are the principal reason that U.S. economic growth has slowed dramatically this year, economists note. For the first half of 1985, the economy advanced at a mere 1.1-percent annual rate as U.S. manufacturers continued to lose sales to foreign competition.

Analysis lay most of the blame for the unfavorable trade balance on the strength of the dollar, which makes imports cheaper and more attractive to Americans while boosting the price of U.S. goods abroad.

Commenting on the near-record trade deficit, Mr. Baldrige said the dollar would have to fall much more to solve the country's trade problems.

"The value of the dollar has fallen 12 percent since February, but remains nearly 40 percent above its average in 1980," he said. "A much larger drop is necessary to improve our competitiveness in the world economy."

In a separate report, the government said that sales of new homes dropped a slight 0.1 percent in June. Sales were at an annual pace of 669,000 last month, 5 percent above the level of a year ago.

The \$13.4-billion June trade deficit came close to the record of \$13.8 billion set last July.

Last month, Commerce said, imports climbed by 2.6 percent to \$30.9 billion, the second highest total on record.

The gain stemmed from a big

jump in oil imports, which flowed into the country at a daily rate of 5.93 million barrels a day, up from 5.27 million barrels daily in May.

Part of the reason for the increase in oil shipments may have been a fall in the price. The average price per barrel dropped to \$28.07 per barrel from \$28.21 in May.

Imports of manufactured goods rose by \$478 million to a June total of \$21.6 billion, pushed up by increased sales of cars, principally from Japan.

Imports of cars from Japan totaled \$1.7 billion in June, accounting for 27 percent of total Japanese imports last month. Car imports had totaled \$1.24 billion in May.

U.S. exports rose by a slight 0.1 percent in June after falling 2.1 percent in May. Even with the slight rise, exports remained depressed, totaling only \$17.44 billion last month.

The small advance in exports came from increases in a variety of commodities. Export sales advanced for automobile and tractor parts, power generating machinery and wheat.

These gains offset declines in sales of aircraft and parts, office machines, electrical machinery, coal and fertilizers.

In addition to Japan, big deficits were incurred with Western Europe, \$2.6 billion; Canada, \$1.7 billion; and Taiwan, \$1 billion.

Turner Loses
2 Bids to Block
CBS Repurchase

The Associated Press

ATLANTA — Ted Turner, chairman of Turner Broadcasting Systems, lost a federal court bid on Tuesday to block CBS's repurchase of 21 percent of its own stock, a move he said was designed to stop his takeover.

Earlier, in Washington, the Federal Communications Commission rejected a separate attempt to block the CBS plan. The FCC held that the plan was not an illegal transfer of control of CBS's radio and TV licenses from shareholders to management, as Mr. Turner contended.

U.S. District Judge Robert L. Vining Jr. said he had failed to prove that the CBS plan contained restrictions designed solely to impede his takeover.

Mr. Turner is attempting to gain control of CBS with a proposal involving stock, bonds and notes — but no cash — that he says is worth \$5.4 billion.

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R.C. Luxembourg B 21743

Dividend Notice

A dividend of 0.5 cents per share will be paid on or after August 8, 1985 to Shareholders on record on July 18, 1985 against surrender of coupon No. 1.

By Order of the Board of Directors

Coupon Paying Agents

COPENHAGEN	NEW YORK
Pravabank A/S	Chemical Bank
P.O. Box 1000, Torshavn 2	United Nations Building
2400 Copenhagen N.V.	New York, N.Y. 10011
Denmark	United States of America
HELSINKI	OSLO
Bank of Helsinki Limited	Christiana Bank
Aleksanterinkatu 17	P.O. Box 1100, Sentrum
SF-00100 Helsinki 10	Oslo 1
Finland	Norway
HONG KONG	PARIS
Bermuda Trust (Far East) Limited	Bank Transatlantique S.A.
2400 Edinburgh Tower, The Landmark	17, Boulevard Haussmann
15 Queen's Road, Central	75420 Paris Cedex 09
Hong Kong	France
LONDON	ROME
Barclays Bank PLC	Credito Italiano
Securities Services Department	36 Piazza dell'Industria "EUR"
54 Lombard Street, London EC3P 3AH	00144 Rome
United Kingdom	Italy
LUXEMBOURG	TORONTO
Kreditbank S.A. Luxembourggoise	Bank of Montreal
43, Boulevard Royal	1 First Canadian Place
L-2955 Luxembourg	Toronto, Ontario M5X 1A3
Grand Duché de Luxembourg	Canada
MILAN	VIENNA
Credito Italiano	Creditanstalt-Bankverein
Piazza Cavour 2	Schottentorstrasse 8
20123 Milano	A-1100 Vienna
Italy	Austria
MONTREAL	WASHINGTON
Bank of Montreal	American Security Bank
119 St. James Street	1501 Pennsylvania Avenue NW
Montreal, Quebec H3C 3B6	Washington D.C. 20013
Canada	United States of America

BAKTER/TRAFFORD INTERNATIONAL CAPITAL CORPORATION

First Serie Convertible Preferred Stock
Certificate au porteur
Emis par
Morgan Guaranty Trust Company of New York

A distribution of Dollar 0.77 per depositary share less any applicable taxes depending on the presentor's country of residence will be payable on and after July 23, 1985 upon presentation of coupon #28 at the office of any of the following depositaries:

- MORGAN GUARANTY TRUST COMPANY OF NEW YORK
 - New York, 30, West Broadway
 - London, 1, Angel Court
 - Brussels, 35, avenue des Arts
 - Paris, 14, Place Vendôme
 - Frankfurt, 46, Mainzer Landstrasse
- KREDITBANK S.A., Boulevard Royal, 43, Luxembourg.

Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
In The Associated Press

12 Month High Low Stock Div. Yld. PE

(Continued from Page 8)

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
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Floating-Rate Notes

July 30

Issuer/Note Coupon Rate Bid Ask

Issuer/Note	Coupon Rate	Bid	Ask
Alfred E. Smith	7 1/2	101.00	101.00
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RÈGLEMENT DE GESTION DU FONDS CORTEA INTERNATIONAL

Modification de l'Article 19

Article 19: Garantie

Paribas Asset Management Inc., New York, en tant qu'actionnaire de la Société de Gestion et la Banque Paribas (Luxembourg) S.A., Luxembourg en tant qu'actionnaire de la Société de Gestion et en tant que Banque Dépositaire garantissent conjointement et solidairement l'observation par la Société de Gestion de toutes les clauses et conditions du présent Règlement.

Fait à Luxembourg

Pour Cortea Gestion S.A.

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Fait à Luxembourg

Pour Cortea Gestion S.A.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) July 30, 1985

Net asset value quotations are supplied by the funds listed with the exception of some funds based on bid prices. The marginal values indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (t) - quarterly; (l) - irregularly.

AL BANK JULIUS BAER & CO. LTD.	FIDELITY FUND INC.	INTERNATIONAL FUNDS
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA

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ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA

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ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA

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ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA
ALBANK AMERICA	FIDELITY AMERICA	ALBANK AMERICA

Safeguards Sought In Futures Trade

Washington Post Service

WASHINGTON — U.S. regulators have taken steps to improve safeguards for commodity traders in the aftermath of a gold scandal in March that has tied up \$13 million in customer funds.

The Commodity Futures Trading Commission voted unanimously Monday to seek public comment on proposals to increase capital requirements for companies and to set margin guidelines for certain risky options transactions.

The agency also sought comment on how best to transfer or liquidate individuals' accounts when a commodity brokerage firm goes broke and asked the National Futures Association, a self-regulatory organization, to study establishing an investor insurance fund.

On March 20, Volume Investors Corp., a member of the Commodity Exchange in New York, collapsed when it was unable to come up with funds to meet a margin call by the Comex clearing house. The broker's default was caused by the failure of three customers to come up with \$26 million to cover losses on gold options.

The customers, apparently reckoning that gold prices would fall, had sold short-call options promising to sell gold at a fixed price. When gold soared \$44 an ounce overnight, they were unable to cover their losses. Volume Investors failed and its collapse tied up the accounts of about 100 other customers.

Futures options give the buyer the right to buy or sell a futures contract on a commodity. A short-call option means that the option writer, who bets that the price of the commodity will decline or remain stable, has to deliver the contract or its cash equivalent if the price goes up.

Last week, Volume Investors' owners agreed to a tentative settlement that calls for a payment of \$2.5 million in cash and a \$1.6-million promissory note. In exchange, Comex agreed not to take action for violation of its rules.

NYSE High-Lows

NEW HIGHS

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BUSINESS ROUNDUP

Bank of America to Cut 2,000 Jobs Worldwide

Compiled by Our Staff From Dispatches
SAN FRANCISCO — Bank of America announced Tuesday a reorganization of its world banking division that will eliminate 2,000 jobs, about 10 percent of the division's staffing.
 The jobs will be eliminated worldwide in 12 to 18 months under the plan, which officials said would save more than \$60 million a year. Other elements of the plan include reorganization of the bank's North America division and further integration of commercial and investment banking activities, officials said.

"The actions that we will take in the months ahead will strengthen our worldwide network delivery ca-

pability and better enable us to grow and build our core international business," said Robert W. Frick, vice chairman of Bank of America Corp.

The news followed an announcement that Bank of America, the parent of Bank of America, which reported a net loss of \$338 million for the second quarter, is seeking to sell FinanceAmerica Corp., a commercial and consumer finance company with nearly \$3 billion in assets.

BankAmerica acquired the finance company 11 years ago for \$400 million. It includes a consumer finance wing with 250,000 customers and makes loans out of 300 offices in 42 states. The unit has been profitable since it was ac-

quired, a bank official said, but had profits of only \$20 million last year on assets of \$2.8 billion.

The sale of the unit is expected to bring BankAmerica \$300 million to \$400 million, Wall Street analysts said.

Part of the reorganization plan announced Tuesday calls for creation of a single worldwide organization called Global Trading that will handle foreign exchange and securities trading 24 hours a day. Other activities, such as correspondent banking and trade finance, will be handled by a new unit called Network Markets.

David A. Coulter, a vice president who headed the task force that recommended the changes, was

named chief administrative officer of the world banking division.

Last week, BankAmerica said it was considering several moves to cut its losses, including the closure or sale of 10 to 15 of its 99 branches in Latin America and the Caribbean.

The company said the layoffs are part of a major restructuring that will concentrate on gaining business from larger corporations and on customers that can take advantage of the bank's global network.

Another objective will be to combine foreign exchange, money and securities trading now handled in London, New York, Tokyo and San Francisco, under a single organization. (UPI, Reuters, LAT)

COMPANY NOTES

Allied Corp. and the U.S. government said they have reached an agreement in principle to settle an antitrust suit that the Justice Department had intended to file charging Allied's proposed merger with Signal Cos. Allied agreed to sell its turbine starter business to resolve antitrust concerns.

British Telecommunications PLC has told the government it will not buy shares in Mifed Corp. while its proposed takeover of the Canadian company is being investigated by the Monopolies Commission, the Office of Fair Trading said.

The Evening News Association, which owns The Detroit News and several television stations, has rejected an unfriendly, \$453-million takeover offer from Norman Lear and A. Jerrold Perenchio. The Los Angeles entertainment executives, who offered \$11 million per share in cash, indicated that they might consider selling several of the family-controlled company's assets.

McDonnell Douglas Corp. said it is seeking orders for its proposed MD-11 tri-jet airliner and said the first aircraft could be delivered by the autumn of 1989 if it has sufficient orders by January 1986. McDonnell Douglas said it is making offers for medium-range, long-range and freighter MD-11s.

Nippon Yusen KK said Tuesday that it will buy three VLCC tankers from Texaco Inc. for about 10 billion yen (about \$42.1 million). A Nippon Yusen spokesman said that the tankers are under charter to Mitsubishi Oil Co. and six to nine years of the 10-year contracts are left to run.

Norsk Shell A/S, a subsidiary of Royal Dutch/Shell Group, has found oil that the Norwegian Petroleum Directorate has said had "among the best independent results carried out on the Norwegian Continental Shelf." The directorate said that the find, in the Draugen field off central Norway, tested light oil at 15,700 barrels per day.

Wheelock Marden & Co. said it has made provisions for losses of up to \$55 million Hong Kong dollars (\$7.1 million) for its half-share in Wheelock Maritime International Ltd. and decided not to provide further assistance to Wheelock Maritime, which reported a net loss of \$10.19 million in the six months ended June 30, 1984. Full results for 1984 have not been disclosed.

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Burton PLC Bid For Debenhams Predicted to Fail

International Herald Tribune

LONDON — House of Fraser PLC has a strong chance to block Burton Group's £550-million (£871-million) bid to take over Debenhams PLC, investment analysts said Tuesday. Fraser, which owns Harrods and 100 other British department stores, said it had raised its stake in Debenhams to 17.52 percent and would continue to buy shares in the company, which also operates department stores. Fraser said it would reject Burton's bid as "inadequate."

Debenhams and Fraser said that they intended to cooperate in their credit-card operations, merchandising and distribution, assuming that the Burton bid fails to win control of Debenhams by Friday's deadline. On the London Stock Exchange, Debenhams shares slipped 8 pence, to close at 313 pence each, below Burton's cash offer of 327 pence a share, reflecting doubt over the bid's chances of success.

Several analysts said the likely outcome is too close to call. But analysts at both Wood, Mackenzie & Co. and James Capel & Co. said the odds seemed to have moved against Burton.

Burton, a clothing retailer, is backed in its bid by Habitat Mothercare PLC, another British retailer.

BUSINESS PEOPLE

Pan Am Names Executive in Europe

By Brenda Hagerty

International Herald Tribune

LONDON — Pan American World Airways has announced the appointment of a top executive in Europe at a time when the airline is experiencing "a banner trans-Atlantic summer season" and is making plans to expand its European operations next summer.

The New York-based carrier named Frederick Reid managing director for France, Spain, Portugal and North Africa. Based in Paris, he succeeded Armand Aré, who has become Pan Am's regional managing director for the southeast United States, based in Miami.

Mr. Reid turned over his duties as the airline's director for India, Bangladesh, Sri Lanka and Nepal to Randall Johnson, who formerly was based in Johannesburg as head of South African operations.

Earlier this year Pan Am announced its intention to sell its Pacific routes to United Airlines. That move, and the airline's projections that Americans will continue to travel to Europe in record numbers while U.S. travel by Europeans will blossom in 1986, has led to Pan Am's emphasis on expanding its European operations.

Pan Am, which reported a 19-percent increase in trans-Atlantic passenger traffic in June, said last week that during the 1986 peak summer season it will operate 199 weekly nonstop flights between the United States and Europe. That will be a 36-percent increase from the current peak season.

Gulf International Bank of Bahrain has named Ghazi M. Abdul

Jawad, formerly assistant general manager, to general manager. He succeeds Sultan N. al-Sayid, who joined Abu Dhabi Commercial Bank.

Bank Julius Baer & Co., Zurich, said Hardy Böckli, head of its precious metals department, is leaving the bank at year's end to establish his own consulting firm. Diego Rusca will take on the responsibility for trading in precious metals on Jan. 1.

Taiyo Kobe Bank Ltd. has set up a subsidiary in London that will

serve as the vehicle for its international capital markets activities. The unit, Taiyo Kobe International Ltd., is headed by Shioichi Misaki and Susumu Suzuki.

Hewlett-Packard Co., a U.S. maker of electronic instruments and computers, has named John Golding U.S. sales manager for personal computers. Succeeding him in Geneva as European sales manager for PCs is Roland Fleischman. Kalevi Puutu was named to succeed Mr. Golding as marketing manager for personal computers in Europe.

Union Carbide Reorganization Is Said To Include Naming 2 'Co-Presidents'

The Associated Press

DANBURY, Connecticut — Union Carbide Corp. will reorganize its top management, creating two "co-presidents" for the giant chemicals company, according to a published report Tuesday.

The reorganization was expected to include naming Alec Flamm, now president and chief operating officer, to a new position of vice chairman, the News-Times of Danbury reported. Replacing Mr. Flamm and becoming co-presidents will be Robert D. Kennedy and Heinn F. Tomfohrle 3d, the newspaper reported.

Mr. Kennedy will be a co-president with responsibility for the company's industrial operations, while Mr. Tomfohrle will be a co-president with responsibility for the chemical operations, the newspaper said.

The reorganization would follow steps taken last week by Carbide's board to amend corporate bylaws to make a hostile takeover more difficult and less lucrative for any potential buyer. The company's stock price has been under pressure since the chemical leak last December at a Union Carbide plant in Bhopal, India, that killed about 2,500 people. Billions of dollars in lawsuits have been filed against the company because of the disaster.

In addition, the News-Times reported that Union Carbide is expected to offer its employees an early-retirement program aimed at reducing its worldwide employment levels about 15 percent. Carbide employs about 2,900 people at its corporate headquarters, about 48,400 in its domestic operations, and another 46,700 people worldwide.

Rockefeller Group to Offer Shares in Manhattan Center

By Steven E. Prokesch

New York Times Magazine

NEW YORK — The Rockefeller Group, the investment company owned by descendants of John D. Rockefeller Jr., has announced that it plans to raise \$1.1 billion in a transaction that could ultimately result in 60-percent public ownership of Rockefeller Center.

The transaction involves the creation of a new company, Rockefeller Center Properties Inc., that would own the 12 landmark buildings and the 11.7 acres (4.7 hectares) of property beneath them in a three-block area. That includes 6.2 million square feet (560,000 square meters) of office and retail space. The buildings and land have an appraised value of \$1.6 billion.

Sheldon Seevak, a partner at Goldman, Sachs & Co., which is the lead manager in the offering, said Monday that the transaction would be "by far the largest real estate financing in history and one of the largest initial public offerings ever done in the United States."

The new company, which will be a real estate investment trust, intends to sell 30 million shares at \$20 a share in the United States to raise \$600 million. It also hopes to raise \$500 million by offering convertible debentures outside the United States. In turn, the \$1.1 billion, less the cost of the offering, will be lent to the two Rockefeller Group partnerships that own Rockefeller Center.

A real estate investment trust, which resembles a mutual fund, distributes substantially all of its income in the form of dividends. By doing so, it is not liable for federal taxes, thereby enabling it to pay a higher dividend to investors, who do, however, have to pay federal taxes on the income.

The formation of the new company and public offering represents a major step in restructuring the Rockefeller fortune. Part of the money is to be used to pay back \$400 million in short-term debt that was borrowed to buy the land beneath the center earlier this year from Columbia University.

COMPANY NOTES

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Slower Growth Seen for U.K.

Reuters

LONDON — The Confederation of British Industry said Tuesday that its latest quarterly survey of manufacturing companies suggests that economic growth in Britain may be moderating.

"Business is now revising its forecast of growth downwards, faced with continued high interest rates and the consequent appreciation of the pound," said David Wigglesworth, chairman of the CBI's economic situation committee.

"Prospects for the next few months are less buoyant than shown in our last few surveys," Mr. Wigglesworth said. "The proportion of companies expecting output to rise is down compared with the last two surveys, as is the expected rise in new orders. Much of the worsening of prospects can be attributed to overseas sales."

CURRENCY MARKETS

Dollar Ends Lower in New York Trading

Compiled by Our Staff From Dispatches

NEW YORK — The dollar ended sharply lower in New York Tuesday in trading marked by position-squaring ahead of a major U.S. Treasury refinancing Wednesday and the release of the Index of Leading Indicators for June.

Earlier, the currency closed on a firmer note in European trading. Dealers noted that the dollar changed course several times throughout the U.S. session, swinging between 2.8970 and 2.8360 in the lead-up to closing at 2.8140, down sharply from Monday's close of 2.8430. Trading was busy and erratic.

Dealers said the catalyst for the morning selling was a widening in the U.S. trade deficit in June to \$13.42 billion from \$12.67 billion in May followed by a surprising dip in new U.S. home sales and a

downward revision to the May sales rise.

Dealers said the dollar was also depressed by a deadlock in Washington on ways to reduce the federal budget deficit.

The drop in the dollar gathered pace as the International Monetary Market stepped up foreign-currency purchases, while the lows of the day were plumbed in response to news that Peru had closed the nation's banks for two days, they said.

Against the British pound, the dollar slipped to \$1.4230 from \$1.4225. Other late New York rates, compared with Monday, included: 8,5700 French francs, down from 8,6375; 2,2980 Swiss francs, down from 2,3100; 1,891.00 Italian lire, down from 1,905.00, and 57.05 Belgian francs, down from 57.22.

The dollar fell to 237.20 Japanese yen from 237.80 on Monday.

In earlier trading in Europe, the dollar ended firmer after swinging widely in thin trading exaggerated by several large buy and sell orders.

In Frankfurt, the U.S. currency slipped to below 2,830 Deutsche marks before recovering to 2,835 DM at the afternoon fix, up from 2,8304 on Friday. (Reuters, IHT)

THE EUROMARKETS

Eurobond Market Quiet in Advance of U.S. Refinancing

Reuters

LONDON The Eurobond market ended little changed Tuesday from opening levels, although the Japanese convertible sector finished sharply lower, dealers said.

The dollar and floating-rate note sectors were nervously awaiting Wednesday's U.S. Treasury quarterly refinancing announcement, dealers said. Most operators expect the size of the refinancing to total about \$22 billion, but some traders forecast it would be as much as \$23 billion.

"Nobody wants to open up any positions ahead of the announcement," one trader said. The dealers noted that Japanese convertibles dropped sharply after a plunge in share prices in Tokyo overnight.

In Frankfurt, meanwhile, a Bundesbank official said that banks plan eight Deutsche-mark Eurobond issues in August, for a total volume of 1,505 billion DM.

Seven straight-bond issues are planned, totaling 1 billion DM, and one floating-rate-note issue is planned, totaling 500 million DM. Among other developments Tuesday in the Euromarkets:

Kobe Steel Ltd. issued \$50 million of 10 1/4-percent, five-year Eurobonds, the lead manager, Chase Manhattan Ltd., said.

The noncallable bonds are priced at par and are guaranteed by Dai-ichi Kangyo Bank Ltd. Fees total 1 1/4 percent, with a 1 1/4-percent selling concession and

Eliminating The Losers

(Continued from Page 9)

Centre d'Enseignement et de Recherche pour Cadres d'Entreprise at Jouy-en-Josas, near Paris. Most experts in negotiation training rely on role-playing to teach negotiating skills. They simulate a situation, either a contract negotiation or a pay-increase negotiation, and the individual manager has to figure out how to negotiate to get the most out of the situation.

Since April, a computerized simulated negotiation is now available in the United States for \$495 — the Art of Negotiating computer program, written by Roy Nierenberg, president of Experience in Software Inc. of Berkeley, California. The program is based on the model developed by his father, Gerald, and can be used on an IBM personal computer and an Apple III.

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Herald Tribune

Opening for Talks Is Seen in Moscow

Summit Leaders Vow to Push for an Economic Recovery

U.S. Says 'In Thread' of Collapse

Western Leaders Doubt U.S. Recovery's Power

Middle East Impasse

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Development Strategies: When Neighbors Take Different Paths

It said Japan's current account balance should rise to \$49.01 billion in fiscal 1986 and \$58.92 billion the following year from \$37.23 billion in the last fiscal year.

The trade surplus is estimated at \$57.07 billion in 1986 and \$68.81 billion next year against \$45.62 billion in 1985.

■ **Jobless Rate Rises**

Unemployment in Japan was a seasonally adjusted 2.6 percent in June, an increase from 2.5 percent in May, but a decrease from 2.8 percent in June 1984, the government's Management and Coordination Agency said Tuesday.

Meanwhile, the Construction Ministry reported that housing starts rose six percent to 112,363 in June from 106,009 a year earlier after a 3.3-percent year-to-year increase in May. Reuters reported from Tokyo.

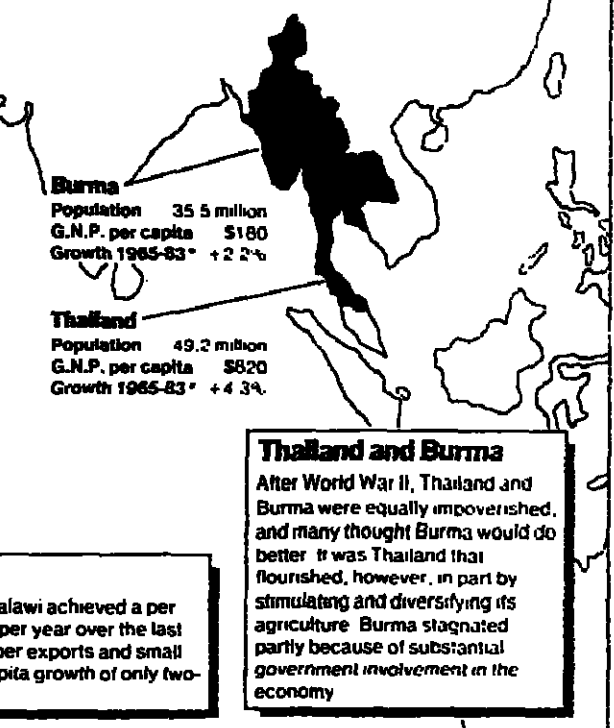
ters. "For the infrastructure, where there is a bias toward small projects, it is an advantage to have a local presence," she said.

It certainly has helped URS Corp., a medium-sized construction company based in San Mateo, California, but with 40 sales and engineering offices — and numerous on-going projects — across the United States. URS sales rose 60 percent in the first half of its 1985 fiscal year, to \$44.5 million. Profits rose 13 percent, to \$1.8 million. And the company has a \$70-million backlog of projects.

Indeed, the giants are getting into fighting trim for the impending bidding wars. With 70 percent of contracts going to nonunion operations, many are investing more in their non-union divisions.

Kenya and Tanzania

Despite one of the fastest growing populations in the world, Kenya's attention to agriculture helped its G.N.P. per capita to grow by 2.3 percent a year over the last two decades. In Tanzania, where agriculture was neglected, average annual growth was less than 1 percent.



to industrialize. Even some partly

"In Venezuela we made a big effort in industry in the 1960s and '70s," said Manuel Azupara, the country's finance minister. "Now the government is continuing that effort, but with an emphasis on the agricultural sector."

The changes in the development strategy go deeper than mere tinkering with policy. They also reflect a retreat in the field of economics, a turnaround from the heady aspirations and certainties of previous decades. The entire field of development economics, which included such ideas as import substitution, industrialization, and economic policies and programs that were designed to help poor countries and emphasize state involvement in the economy, is on the defensive.

"The realization has come to many countries that they aren't tending their people," said M. Peter McPherson, administrator of the Agency for International Development.

What was wrong with the old categories of industrial development and its exhilarating aims of expanding change and equalizing the relationship between the First and Third Worlds? Why the lurch on to a strategy, frequently advocated by the United Nations, of adopting by developing countries from Chile to Romania, "One of the great mistakes made the years following World War II when there was a great enthusiasm for development," was for the nations to be "too dependent on a local society directly or indirectly, in industry, said Mr. Gishvirth, at Harvard University professor, to cultivate an interest in development while he was ambassador in India in the early 1960s. "If you don't have a steel mill or a machine tool plant, you really weren't there."

[illegible]

SPORTS



Bailing Out

Jon Barrett, from East Peoria, Illinois, was thrown from his boat, left, as it crashed at more than 130 miles (209 kilometers) per hour during a heat of the American Drag Boat Association races Sunday at High

Point, North Carolina. Barrett then tumbled across the lake's surface, right, dragging an emergency parachute, as his boat disintegrated behind him. He was taken to a hospital, but was not seriously injured.

Talks: Now to the Hard Parts

All Minor Issues Settled, but Strike Deadline Is Looming

NEW YORK — With one week remaining before a strike deadline, major league baseball players and owners finally have cleared up almost all the so-called minor issues and are ready to tackle the real problems that separate them.

On Monday, the two sides resolved such mainly non-economic matters as waiver procedure and spring training operations.

"We will try over the next 12 to 18 hours to get down on paper and, beginning tomorrow afternoon, we'll go back to the remaining issues," said Don Fehr, acting executive director of the Major League Players Association, which has set a strike deadline of Aug. 6.

But still to be settled, starting with Tuesday's meeting, are agreement on splitting up a \$1.1 billion network television package, a compromise on salary arbitration and an understanding on the free-agent system.

"Seven or eight days is enough time," Fehr said. "It's not a lot, but it's enough. What's happened, I think, is that, given the fact we do have a strike deadline, the parties are, in a workmanlike fashion, trying to reach an agreement on all things we can."

"I'm still optimistic," said Lee MacPhail, president of the owners' Player Relations Committee. "We're ready to roll up our sleeves and go to work."

"But I won't say there aren't major hurdles. We're not halfway down the homestretch, we're still on the far turn."

There had been little progress of any kind since the two sides began meeting last Nov. 14. And while MacPhail and Fehr were pleased with Monday's two-hour meeting, they cautioned that the remaining items were the ones that would be the most difficult.

"If there was going to be a strike, it would come over the major issues," Fehr said. "I think everybody understands that there wasn't ever going to be a strike over these (minor) issues."

Said MacPhail, "Granted, it's easier to deal with these things than the things ahead of us."

And, on those major issues, there has been no headway made.

The players steadily demand their traditional one-third share of network television revenue for their pension fund. With the recent \$1.1 billion deal, the one-third share would leap from \$15.5 million per year to \$60 million. The owners say they will compromise, but adamantly say one-third is too much.

The owners, on the other hand, want to restructure the salary arbitration procedure. They want to increase the amount of required service from two years to three years before a player can file for arbitration, and want to limit an arbitrator's award to amount no larger than twice the player's current salary. The players want to leave salary arbitration the way it is.

'Tub of Goo' Gets His Fat Chance on TV

NEW YORK — Terry Forster, the Atlanta Braves' "Fat Tub of Goo," got his opportunity Monday to face off with the man who gave him that nickname, television talk show host David Letterman.

During a recent monologue at the start of NBC's "Late Night with David Letterman," the comedian said he had seen Forster, a round left-hander, in action, and made several cracks about the pitcher's expanded waistline.

"My first reaction," said Forster, "was that this guy dogged me, I'm going after him and I'm going to sue him. And then after I took a shower and looked at myself in the mirror, I said, no, the guy's right. How can I sue him?"

"You know, I haven't always been this big. I just snacked up on me."

Letterman said he had second thoughts about his comments.

"It just started out as kind of a joke," Letterman said. "Then I'm driving home and I thought to myself: now wait a minute, I just went on network TV — or at least NBC — and I called a man a fat tub of goo. And regardless of how funny or not funny a person might think that is, if you start thinking about it, that's not a real flattering thing to say."

Letterman brought out two baseball cards, the first from Forster's 1971 season with the Chicago White Sox, the other his current card. Both cards, Letterman noted, showed Forster's weight as 210 pounds (95.2 kilograms).

"It's amazing what a little money will do for you," Forster said.

"I weigh probably between your weight and Jumbo the Elephant.... I'm probably closer to the elephant's weight right now. I know there's a couple on our team who are close. I can't mention any names. They told me I'd die if I did, never, ever catch a ground ball for me again."

Blue Jays Add 9th, May Total a Division

BALTIMORE — While the Toronto Blue Jays may not be ready to celebrate, the possibility exists that they clinched a tie for the American League East Division championship Monday night when they beat the Orioles, 4-3, in 10 innings to increase their winning streak to a club-record nine.

If this were late September, the magic number would be one, meaning any victory by the Blue Jays or defeat by the New York Yankees would give Toronto its first title in the nine years of the team. But, with a baseball strike that could end the season Aug. 6, these could be the final days of the race.

The Blue Jays, baseball's hottest team, and now 10-1 in extra-inning games, won on Damaso Garcia's home run in the 10th. They also got homers from Willie Upshaw and Ernie Whitt.

The Yankees, the only AL East team with a chance to tie the Toronto before Aug. 6, beat Cleveland to remain seven games behind.

The other magic numbers to the strike date are two for Los Angeles in the National League West, five for California in the AL West and four for St. Louis in the NL East.

"He hung that pitch," Garcia said of loser Mike Boddicker, 10-11 and a loser in 10 of his last 14 decisions. "It was supposed to be a slider. I saw it, and I hit it."

Upshaw's two-run homer and Whitt's had given the Blue Jays a 3-0 lead in the second inning. The Orioles countered with homers by Fred Lynn and Floyd Rayford.

Yankees 8, Indians 2: In Cleveland, shortstop Julio Franco boosted Dave Winfield's seventh-inning, two-out grounder to allow Mike Pagliaro to score the tie-breaking run for New York, and Dan Pasqua followed with a two-run single. Winfield homered in the ninth as the Yankees scored three times.

Brewers 3, Rangers 2: Ted Simmons' tie-breaking single in the eighth in Milwaukee made a winner of rookie Ted Higuera, who pitched a 12-strikeout five-hitter against Texas.

Royals 4, Tigers 2: Hal McRae hit a two-out, two-run single in the third inning in Detroit and Steve Balboni hit a two-run homer as Kansas City won its eighth straight, closing on idle California.

Mariners 8, Twins 6: Gorman Thomas hit two homers and Dave Henderson ended a 5-5 tie with a three-run homer in the seventh that beat Minnesota in Seattle. Thomas has hit 8 of his 22 homers since the All-Star break.

Mets 3, Expos 2: In the National League, Rick Aguilera allowed three hits over 7 1/3 innings and

SCOREBOARD

Baseball

Monday's Major League Line Scores

AMERICAN LEAGUE	W	L	Pct.
New York	10	1	.909
Baltimore	9	2	.818
California	8	3	.727
Seattle	7	4	.636
Los Angeles	6	5	.545
San Francisco	5	6	.455
Oakland	4	7	.364
Minnesota	3	8	.273
Chicago	2	9	.182
Philadelphia	1	10	.091
Pittsburgh	0	11	.000

Major League Standings

AMERICAN LEAGUE	W	L	Pct.
Toronto	10	1	.909
New York	9	2	.818
Baltimore	8	3	.727
California	7	4	.636
Seattle	6	5	.545
Los Angeles	5	6	.455
San Francisco	4	7	.364
Oakland	3	8	.273
Minnesota	2	9	.182
Chicago	1	10	.091
Philadelphia	0	11	.000
Pittsburgh	0	11	.000

Major League Baseball Leaders

NATIONAL LEAGUE	W	L	Pct.
St. Louis	10	1	.909
San Francisco	9	2	.818
Los Angeles	8	3	.727
San Diego	7	4	.636
Atlanta	6	5	.545
Philadelphia	5	6	.455
Montreal	4	7	.364
Chicago	3	8	.273
Cincinnati	2	9	.182
Pittsburgh	1	10	.091
Washington	0	11	.000

Lessons From the Past for Soccer's Future

LONDON — As with life, soccer is a journey between innocence and infamy. Professional sport accretes the process and sometimes turns it on its head.

This week began with a nostalgic rerun of the 1966 World Cup final between England and West Germany. Then, on Wednesday, the Federation of International Football Association's (FIFA) new under-16 world tournament was to begin in China.

Before the schoolboys of 16 nations kick a ball in Beijing, Shanghai, Dalian and Tianjin, I'm prepared to bet that few of them exhibit the unrestrained joy, the spirit of the game for the game's sake, of the old crooks of '66.

Kids being kids today, not only will they feel that they are under pressure to get results, but they must sense that their talents are being used for politics, profit and the projection of commercial interest — Eastman Kodak, the tournament's sponsor, is a new partner in FIFA's money go-round.

When you have been around a bit, as a boy chosen at the international school level has, and as any World Cup finalist has, you know that no game is without ulterior motive.

The rematch of 1966 was arranged to raise funds for the victims of the 56 spectators killed in the Bradford stadium fire May 11. The entire English team and nine Germans, plus their retired trainer, Helmut Schoen, agreed to the rematch within hours of being asked.

"Bradford was a tragedy beyond words," said Franz Beckenbauer. "It was up to everyone in football to help."

So it was. Katharine Hepburn, the actress, complained recently about the humiliation of "selling one's deteriorating self," yet wider-

ing waistbands and receding hairlines did not rule out glimpses of former greatness on Sunday.

Rain played relentlessly across the playing field at Leeds. The ball was slippery. More modern professionals almost assuredly would have been excusing their lack of craft in such conditions.

But not Uwe Seeler and not Geoff Hurst, not the still elegant Bobby Moore or Franz Beckenbauer, nor the extravagantly gifted Wolfgang Overath or Bobby Charlton.

For Seeler, a stocky and indefatigable captain at best, the thrill of striking at goal was unabated. He scored twice, once with an astonishing scissor kick as West Germany took 15 minutes to reverse England's original victory score of 4-2.

Then, the pace ebbed, the English overhauled their old foes to win, 6-4. An automobile insurance executive repeated a feat unique to himself.

Nineteen years ago, almost to the day, Hurst, then a novice international, became the only player to score three times in the World Cup final. At Leeds, the years rolled off him, the cheeks blew out in familiar

fashion and another hat-trick won the day.

Old man Moore took the replica cup, kissed it and handed it to the mayor to promote excellence in Bradford. Englishmen and Germans, drawn together in tragedy, shared their lap of honor. And the crowd applauded them all.

"They came to support heroes," said Alan Ball, "Beckenbauer got an unbelievable reception. Fathers brought kids to show us to them." Bygone talents of bygone days, with bygone values. Even Ball, the nearest, among soccer's yesterday men, to the spoiled winner tendency now often seen in tennis, was the perfect sportsman. And the crowd of 19,496, swelling the Bradford disaster fund by more than \$50,000 (\$71,000), was equally a model of good behavior.

There was no trace of the violence that a police chief in another English city described this week as "posing just as great a threat to society as organized crime."

But past is past, as some of the men charitably reminding us of it on Sunday have found in their harrowing failures in soccer management. If the game is to survive it is up to this generation and the next, which brings us back to China.

There, following the riot that

Lemaire Quits as Canadiens Coach

MONTREAL (AP) — Jacques Lemaire has resigned as coach of the Montreal Canadiens and was replaced by his assistant, Jean Perron, the National Hockey League club announced Monday.

Serge Savard, managing director of the Canadiens, said Lemaire would stay with the team as director of hockey personnel. Lemaire, 39, had succeeded Bob Barry as coach of the Canadiens on Feb. 24, 1984.

"In life you have to do something you like and feel good and enjoy," said Lemaire. "When I went home to relax, whether we won or lost, I couldn't relax. I kept thinking about what I should do to win the next game. I'm not saying it's too much pressure — it's just a thing I don't want to do."

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